

Scottsdale Unified School District Budget Update for 2009-10 School Year

David Peterson
Asst Superintendent
Scottsdale Unified School District
Governing Board Meeting
05 MAY 09

Reduce Base Level

Current Legislative Proposal

- ✓ Provide for \$355 million statewide for FY2010 (includes \$119 million from FY2009)
- ✓ Districts with fewer than 600 elementary or high school pupils – 50% of cuts
- ✓ BSL reductions do not affect overrides

Funding Issues

Current Legislative Proposal

- ✓ No 2% increase in base level
- ✓ 2% increase to transportation miles

Funding Flexibility

Current Legislative Proposal

- ✓ Continue allowing Soft Capital to be used for any operational or capital expenditure
- ✓ Allow bonding for soft capital
- ✓ Exempt Federal Impact Aid from budget limit

Restrictions

Current Legislative Proposal

- ✓ No funding for Early K repeaters
- ✓ Repeal rapid decline formula (currently suspended)
- ✓ Prohibit 8th grade students from taking JTED courses
- ✓ Cap deseg. for FY2010 at FY2009 level

TAPBI Programs

Current Legislative Proposal

- ✓ Change name to Arizona Virtual Learning Program (AVLP)
- ✓ Remove cap on number of district sponsored TAPBI programs but fund at reduced %
- ✓ Remove cap on charter sponsored TAPBI programs, require charter board approval for new charters but fund at reduced %

Teacher Contracts

Current Legislative Proposal

- ✓ Permit districts to establish deadline to notify teachers
- ✓ Allow districts to do salary cuts (across the board) during the year

Teacher Compensation Funding Current Legislative Proposal

- ✓ Phase out career ladder programs over 11 years (0.5% per year)
- ✓ Repeal teacher performance pay program passed during 2008 session

Tax and Fund Distribution Current Legislative Proposal

- ✓ Continue to roll over \$602.6 million from FY2010 into FY2011
- ✓ Set QTR at \$2.80 for both FY2010 and FY2011
- ✓ Repeal State Equalization Tax Rate (old county rate)

Additional Funding Flexibility (Unresolved)

- ✓ Increase carryover from 4% to 8%
 - ✓ Additional 4% for Capital Expenditures
- ✓ Override 10% to 15%
 - ✓ Possible March 2010 Election

Website Posting Current Legislative Proposal

Total aggregated amounts spent on
non-salary compensation for
employees including vehicles,
housing and cell phones

School Facilities Board Current Legislative Proposal

- ✓ Suspend Building Renewal Formula for FY2010
- ✓ Continue new school moratorium
- ✓ Return K students to .5 for facility calculations
- ✓ Require SFB to approve new construction based upon current ADM rather than projected

Other Items

Current Legislative Proposal

- ✓ Cap ADM at 1.0 unless otherwise authorized by law
- ✓ Advertisement revenue from websites
- ✓ Prohibit school districts from contracting with parents for transportation except special ed. or homeless

HOUSE OF REPRESENTATIVES

HB 2639

2009-2010 budget reconciliation; K-12 education

Sponsor: Representative Tobin

RELEASED 04 - MAY 09

HB 2639 makes statutory and session law changes related to the FY 2009-10 budget for K-12 education.

HB 2639 (as of 04 MAY 09)

- Cuts soft capital funding by approximately 85% per district
- Reduces the base level (without teacher comp.) from \$3,291.42 for 2008-09 to \$3,201.89 for 2009-10.
- Allows districts to fund up to 50% (\$40 million statewide) of the new utility formula (A.R.S. 15-910.04) with available cash balances.
- QTR for next two years is \$1.4622 for elem./H.S. and \$2.9244 for unified
- The homeowners rebate (additional state aid) would no longer cover the portion of the primary tax rate for Deseg., TRCL above TSL amount, and Career Ladder (increased property tax levy for homeowners).
- Fund JTEDs at 91% of formula and no state funds for new districts

HB 2639 (as of 04 MAY 09)

- Requires county treasurer to revert up to \$255 million of district cash balances in M&O, soft capital and unrestricted capital to the state general fund. The amount is to be adjusted by the percentage of impact aid in a district and total reduction for a district shall not exceed total state aid for the district.
- Requires school districts to include the monies they will receive on July 1, 2010 for the costs associated with the FY 2009-10 funding deferral in their FY 2009-10 revenue estimates for the purpose of computing their tax rates for FY 2009-10

HB 2639 – Impacts to SUSD

- **625 Soft Capital 85% Funding Reduction - <\$4,556,382>**
- Base Level Reduction 2.7% Instead of 5% - \$2,798,283
- Fund 50% Utility Formula - \$2,679,751
- QTR set at \$2.9244 Instead of \$2.80 (This year \$1.5722)
- Homeowners Rebate Not Applied to Deseg or Career Ladder
- Sweep Cash Balances of M&O, Capital, and Soft Capital
 - Not to exceed total state aid for the district
 - \$3,212,739.53
- Used 100% Soft Capital to Balance FY10 Budget
 - \$5,360,449
 - With HB 2639 available Budget will be \$921,652.41

Prop. 301 / Classroom Site Fund

Funding Update

Site Fund Dollars – FY2009

	\$420,534,900
Revenues estimated	\$499,366,300
	1,280,285
Weighted student count	1,280,756
	\$328
Est. funding per weighted pupil	\$390

Prop. 301 Sales Tax

FY2008	\$649,663,600
FY2009 (original estimate)	\$663,519,200
FY2009 (revised)	\$575,601,900
FY2010 (estimate)	\$560,060,600

From FY2008 – FY2010 Down \$89.7 million

From FY2009 (org. est.)
to FY2010 Down \$103.5 million

Last 4 Years (estimates)

2006-07 \$333 per weighted pupil

2007-08 \$401 per weighted pupil

2008-09 \$390 per weighted pupil

2009-10 \$244 per weighted pupil

Prop. 301 Distribution/Est. for FY2010

\$64,304,300

SFB Debt Service

\$65,843,200

Univ./Technology & Research
(12% of remaining dollars)

\$59,490,800

\$71,721,100 est.

Comm. Colleges /
Workforce Development
(3% of remaining dollars)

\$14,872,700

\$17,930,300 est.

Tribal Assistance / Comm.
College (formula amount)

\$450,000

\$542,500 est.

Prop. 301 Distribution – cont'd

Additional School Days (175 to 180)	\$86,280,500 \$86,280,500
	\$7,800,000
School Safety (ADE)	\$7,800,000
	\$200,000
Character Ed. Grants (ADE)	\$200,000

Prop. 301 Distribution – cont'd

Accountability A.R.S.15-241	\$7,000,000
and SAIS	\$7,000,000
	\$1,500,000
Failing Schools Tutoring Fund	\$1,500,000
Income Tax Credit for Sales	\$25,000,000
Tax Paid	\$25,000,000

What is left goes to Classroom Site Fund

Original Estimate for FY2009/est. FY2010 Classroom Site Fund

Prop. 301 Sales Tax	\$379,701,600	\$293,162,300
---------------------	---------------	---------------

Endowment Earnings	\$115,779,800	\$29,967,900
--------------------	---------------	--------------

Prior Year Carryforward	\$3,884,900	-0-
-------------------------	-------------	-----

TOTAL	\$499,366,300	\$323,130,200
-------	---------------	---------------

From FY2009 original est. Down \$176.2 million

**Scottsdale Unified
School District
FY10
Budget Projection**

Current Staffing ~ As of 07 APR 09

Certified: 1,750.3 FTE (All Funds)

Base Salary Paid & Encumbered \$84,059,925.37

Certified Supplements* \$ 7,890,912.14

Paid Substitutes To-Date \$ 1,851,194.69

FY 07-08

Certified Salaries Paid \$80,477,242.44

Certified Supplements* \$ 9,327,450.21

*Includes Career Ladder and SIP

Certified Admin: 133.99 FTE

Classified: 1,326.8 FTE

Total FTE: 3,211.1 FTE

SUSD Budget Projection FY10

- ADM: 25,315 (Up 121.34)
- TEI: 1.0231 (FY09 – 1.0202)

Revenue Control Limit	\$130,873,190
(Less FY09 2.5%)	<\$3,068,431>
(Less FY10 5.0%)	<u><\$6,136,862></u>
Adjusted RCL	\$121,667,897

SUSD Budget Projection FY10

Adjusted RCL	\$ 121,667,897	
CORL in M&O	\$ 6,669,494	
M&O Override	\$ 13,349,065	
K-3 Override	\$ 3,264,164	
Tuition	\$ 102,809	
Desegregation	\$ 7,382,169	
Budget Balance Carryforward	\$ 2,500,000	
Drop-Out Prevention	\$ 221,130	
Unfunded Utilities	\$ -0-	(Loss - \$5,359,502)
Career Ladder Carryforward	<u>\$ 200,000</u>	
FY10 Budget Limit Projection	\$155,356,728	

SUSD Budget Projection FY10

FY10 Budget Limit Projection \$155,356,728

FY09 Rev #2 Budget Limit \$169,190,027

Difference: <\$ 13,899,282>

BUDGET ADJUSTMENTS

Shortfall <\$ 13,899,282 >

Title I & IDEA \$ 3,945,000

625 Soft Capital \$ 5,360,450

<\$4,527,848>

SUSD Budget Projection FY10

Budget Impacts on FY09 Revised Budget

– Salary & Benefits Increase	\$ 1,305,860
– Horizontal Movement	\$ 700,000
– Health Insurance	\$ 500,000
– Contingency	\$ 1,000,000
– Vacation Buy Back	<u>\$ 208,114</u>
TOTAL FY09 BUDGET IMPACTS	\$3,713,974

Budget Impacts on FY10 Revised Budget

Reduction 301 \$ (Fund 011 & 013) \$2,689,150

TOTAL BUDGET IMPACTS **\$ 6,403,124**

SUSD Budget Projection FY10

AVAILABLE BUDGET

Balance w/Adjustments	<\$4,527,848>
Budget Impacts	<u><\$6,403,124></u>
AVAILABLE BUDGET	<\$10,930,972>

Recommended District Savings to Balance FY10 Budget

FY10 Adjusted Budget Balance

<\$ 10,930,972 >

SAVINGS

- District Level Administrative Positions 10.5 FTE \$ 655,875
- Administrative Substitution (5 Days) \$ 75,000
- Psychologist Re-Alignment 4.2 FTE \$ 250,000
- A/P Positions Due to Enrollment 6 FTE \$ 410,000
 - Saguario, Cocopah, Mountainside, Aztec, Desert Mountain & Zuni
- Classified Reductions 2.5% \$ 549,973
- Staffing Efficiency – Certified 80 FTE \$3,950,000
- Supplemental Reductions \$1,200,000
- Department Supplies & Services 17% reduction \$1,006,693
- Eliminate Library Aides \$ 322,000
- Benefit Eligibility 20 Hours to 30 Hours \$1,400,000
- Mandatory Utility Blackouts and 4/10 Summer Schedule \$ 425,000
- Change Cell Phone Provider to T-Mobile \$ 54,861
- Curr Specialists to Academic Coaches Title II Funding \$ 154,000
- Special Education Elem Staffing Audit Adjustment \$ 513,000
- Convert Final Six Campuses to Contracted Custodial \$ 79,407

REVISED BUDGET OUTCOMES

• Funding Loss from State -	<u>\$ 13,899,282</u>
• Additional Budget Impacts -	<u>\$ 6,403,124</u>
• One-Time Budget Adjustments	\$ 9,305,450
• FY10 Budget Savings	<u>\$ 10,930,972</u>
Budget Balance	-0-

One-Time Adjustments: Stimulus & Soft Capital

REVISED BUDGET OUTCOMES

With HB 2639 available Budget will be \$921,652.41

One-Time Adjustments: Stimulus & Soft Capital

Stimulus Funds

IDEA - \$4,355,273

Title I - \$2,352,308

TOTAL \$6,707,581

Stimulus Funds in Budget FY10 - \$3,945,000

Health Insurance

- Currently 14 Drivers work under 30 Hours
- Next Year All Drivers will be at 30 Hours or Above
- ❖ Current PPO 70/30 - \$750 Deductible \$11,002,970
- ❖ PPO 80/20 - \$750 Deductible \$11,484,588
- ❖ PPO 80/20 - \$500 Deductible \$12,282,863
- ❖ PPO 80/20 - \$300 Deductible \$13,298,849
- Currently Payroll/HC has 16 Insurance Classifications
- Pro-rated Plan would require additional 448 Classes

Convert All Schools to Contracted Custodial

- Currently Six Schools are not Contracted for Custodial Cleaning out of 32 Campuses
- Converting these Final Six Campuses to Custodial Cleaning will Result in savings of **\$79,407.11** (2.5 FTE)
- Program will now be Uniform Throughout SUSD

School Sites Supplies & Services Budget Allocation

- Allocation Based on Projected ADM
- Allocations Remain Same as FY09

ELEMENTARY

- | | |
|---------------------------|--------------|
| – Classroom Supplies | \$34/pupil |
| – School Supplies (class) | \$100/school |
| – Office Supplies | \$2.75/pupil |
| – School Office Supply | \$300/school |
| – Custodial Supply | \$8/pupil |
| – Help Funds | \$600/school |
| – Library | \$8/pupil |

School Sites Supplies & Services Budget Allocation

- Allocation Based on Projected ADM
- Allocations Remain Same as FY09

SECONDARY

- | | |
|---------------------------|--------------|
| – Classroom Supplies | \$34/pupil |
| – School Supplies (class) | \$300/school |
| – Office Supplies | \$5.15/pupil |
| – School Office Supply | \$400/school |
| – Custodial Supply | \$8/pupil |
| – Help Funds | \$600/school |
| – Library | \$8/pupil |

FY~10 - Department Budgets

FY-09 BUDGET

\$11,655,658.06

FY-10 RECOMMENDED BUDGET

\$10,377,402.03

REVISED BUDGET OUTCOMES

Based on Current "Best Case"

- Restore Lower Class Size (4 Students)
- Provide for Elem Band & Strings (9.5 FTE)
- Restore 120 Certified Teaching Positions
- Restore School Resource Officers
- Restore Elem A/P's and (3) HS A/P's
- Restore HS Athletic Trainers & Equip Mgrs
- Maintain Cert Teachers' Pay from 301\$ (3.2%)
- Insurance to BC/BS with 80/20 Plan

April 27, 2009 Budget Updates

- Sweep School District Account Balances
 - Statewide \$300 Million
 - Details Not Available
 - If only covers cash and does not impact Budget Capacity this is a tax issue
- ADE Revised ADM to 25,348
 - 33 Additional Students
 - \$158,603
- District Funding Impact 3.5% not 5.0%
 - Additional Budget Funds \$1,841,058
 - Utilize Funds to Maintain Current Insurance Plan

Additional Consideration Items

- City of Scottsdale Ballfield IGA Reduction
 - \$196,524
- FY11 Athletic Trainers Brought In-house
- HS/MS Counselors to 9.5 Month Contract
- HS Athletic Fees
 - Current Total Expenditures \$1,546,401
 - Current Fees Collected \$276,858.38
 - Average Fee Collected - \$78.90 (3,509 Participants)
 - Recommended Change
 - \$200 for one Sport
 - \$350 Max for one Athlete
 - \$500 Max for a Family
 - Estimate Fee Collection \$429,129.90

Feb 13, 2009 Scenario
Budget Balance
Current “Worst Case”

February 13th Budget Projection

ADM up 121. 0% Increase 0% Utilities Funding \$2.5M Carryforward
\$1,000,000 Contingency \$500,000 Health Insurance \$850,000 Consolidation Savings

NET AVAILABLE **<u>\$6,916,779</u>**

10% Reduction State Aid <\$5,219,095>

AGG Spending Limit Reduction <\$2,329,615>

TEI (12% - 8yr Phase-out) <\$296,775>

All-Day K Group 'B' <\$3,995,571>

Early Kindergarten (4.8er's) <\$700,000>

Admin Cost Above Average <\$850,975>

301 \$\$ (Fund 011 & 013) <u>\$1,112,549</u>

M&O BUDGET BALANCE **<u>\$21,421,359</u>**

Soft Capital Elimination <\$ 5,728,275>

Decrease SIP Supplements <u>\$ 741,699</u>

TOTAL BUDGET IMPACT **<u>\$ 27,891,333</u>**

Feb 13 Scenario Budget Balance

• M&O BUDGET BALANCE		<\$21,421,359>
• Budget Savings Administrators		\$ 1,932,944
• Budget Savings Departments		\$ 8,209,131
• Budget Savings Classified		\$ 1,096,973
• Budget Savings Certified		<u>\$ 8,253,407</u>
	Subtotal	<\$ 1,928,904>
• Title I & IDEA Stimulus Funds		<u>\$ 3,945,000</u>
	Balance	\$ 2,016,096
• Additional Budget Capacity Added		- \$ 1,544,396
• Currently Over-Encumbered		<u>- \$ 983,058</u>
		<\$ 511,358>

Recommended Budget Savings

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/P's Elem and MS Staffing Efficiency \$540,000
 - Aztec (1) Cochise (.5) Sequoya (.5)
 - Zuni (1) Pima (.5) Tonalea (.5)
 - Cocopah (1) Kiva (.5) Pueblo (.5)
 - Mountainside (1) Cherokee (.5) ANLC (.5)
 - Tavan (.5) DCES (.5) Laguna (.5)
 - Navajo (.5) Anasazi (.5)

Recommended Budget Savings

Departments (\$8,209,131)

- Supplies and Services Budget Reductions (17%) \$1,006,693
- Change Cell Phone Provider to T-Mobile \$54,861
- Benefit Eligibility from 20 Hours to 30 hours \$1,400,000
- Additional Department Reductions \$809,642
- Reduce Supplementals \$2,800,000
- Transportation – Two (2) Bell Start Time \$420,000
- Eliminate Existing 1 Mile Pickups \$125,000
- Eliminate Sports Transportation (Pay for Play) \$500,000
- Reduce SRO's at Middle Schools \$534,935
- Reduce IT Department by Three (2-Cert/1-Admin) \$133,000
- Mandatory Utility Blackout – Holidays, Weekends, Breaks \$280,000
- Mandatory 4/10 Summer Schedule with 3 Day Utility Blackout \$145,000

Recommended Budget Savings

Classified (\$1,096,973)

- Classified Reductions (Districtwide) ~ 2.5% \$549,973
- HS Equipment Managers (Pay for Play) \$225,000
- Library Aides Eliminated \$322,000

Recommended Budget Savings

Certified (\$8,253,407)

- Eliminate Dedicated Elem Strings and Band Staffing \$750,000
- Special Education Elem Staffing Audit Adjustment \$513,000
- Raise Class Size by Four (4) = 120 FTE \$4,740,000
- Curriculum Spec to Title II Funding \$154,000
- Cert Staffing Efficiency from Staffing Audit (TOA,SpEd,Deseg) \$2,096,407

SUSD Supplementals Reduced

• TEA Bilingual Stipend (4)	\$24,000
• Insurance Waive Flex Benefits to \$1,000 (334)	\$330,330
• TEA Athletics [Pay for Play] (320)	\$731,401
• TEA Dept Chair (60)	\$316,329
• TEA Extra-Curricular (132)	\$242,877
• TEA Lead Teacher (9)	\$14,556
• TEA Natl Bd Psychologist (14)	\$52,500
• TEA New Teacher Mentor (9) Natl Bd Cert do it	\$18,900
• TEA Science High School (9)	\$10,800
• TEA Middle School Science (12)	\$8,500
• TEA Special Ed Lead Therapist (2)	\$12,000
• TEA Student Overage (28)	\$65,400
• TEA TOA Curriculum (6)	\$14,459
• TEA TOA Instructional Tech Specialist (8)	\$58,500
• TEA TOA Prof Development (3)	\$15,000
• LEA Title I Training [Summer School] (126)	\$92,022

SUSD Supplementals Reduced

Additional Department Reductions

• High School Resource Officers	\$339,247
• Athletic Trainers (Pay for Play)	\$90,000
• Secondary Education	\$35,000
• Gifted Services Supplies	\$10,000
• Exceptional Customer Experiences	\$10,000
• Classified Professional Development	\$25,000
• Cheyenne Supplementals	\$36,000
• Internal Auditor Supplies	\$4,500
• Performance Pay Admin – Principals	\$150,000
• Risk Management Supplies and Services	\$10,000
• Special Ed Tuition	\$25,000
• Library IGA City of Scottsdale	\$99,895

“Middle” Budget Scenario

Middle Budget Scenario

BUDGET DEFICIT

<\$16,176,166>

➤ District Level Administrative Positions 10.5 FTE	\$ 655,875
➤ Administrative Substitution (5 Days)	\$ 75,000
➤ Psychologist Re-Alignment 4.2 FTE	\$ 250,000
➤ A/P Positions Due to Enrollment 5 FTE	\$ 410,000
➤ Saguaro, Cocopah, Mountainside, Aztec, Desert Mountain & Zuni	
➤ Classified Reductions 2.5%	\$ 549,973
➤ Staffing Efficiency – Certified 80 FTE	\$3,950,000
➤ Supplemental Reductions	\$1,200,000
➤ Department Supplies & Services 17% reduction	\$1,006,693
➤ Eliminate Library Aides	\$ 322,000
➤ Benefit Eligibility 20 Hours to 30 Hours	\$1,400,000
➤ Mandatory Utility Blackouts and 4/10 Summer Schedule	\$ 425,000
➤ Change Cell Phone Provider to T-Mobile	\$ 54,861
➤ Curriculum Specialists to Title II Funding	\$ 154,000
➤ Special Education Elem Staffing Audit Adjustment	\$ 513,000
➤ Convert Final Six Campuses to Contracted Custodial	\$ 79,407

BUDGET BALANCE

< \$5,245,194 >

Middle Scenario

BUDGET BALANCE

< \$5,245,194 >

- Reduce SROs at Middle Schools \$ 534,935
- Insurance Waive Flex Benefits to \$1500 (334) \$ 165,165
- Performance Pay Principals & Classified \$ 300,000
- Class Size Increase by (2) \$2,528,000
- Elementary A/Ps \$ 400,000
- High School A/Ps \$ 350,000
- Vacant Position Job Freeze During School Year \$ 420,000
- Certified Staffing Efficiency Deseg, TOA, SpEd \$ 547,094

Benefit Eligibility

Middle Budget Scenario

Proportionate Share Plan

Hours Worked	FTE	% District Contribution	District Cost	Employee
35+	.875+	100	\$4500	-0-
30-34.99	.75-.8749	75	\$3,375	\$1,125
25-29.99	.625-.7499	62.5	\$2,812.5	\$1,687.5
20-24.99	.5-.6249	50	\$2,250	\$2,250
Less than 20	>.5	25	\$1,125	\$3,375

Employee Count

- Currently 259 Employees work 20-30 Hours
- No employees work .75-.8749
- 84 Employees work .625-.7499
- 175 Employees work .5-.6249
- 141 Employees work less than .5

District Cost

- $84 \times \$2,812.50 = \$236,250.00$
 - $175 \times \$2,250.00 = \$393,750.00$
 - $141 \times \$1,125.00 = \underline{\$158,625.00}$
- TOTAL: \$788,625.00
-
- Cost to Insure (.5 FTE) 100% - \$1,165,500.00

Prioritization of Budget Items

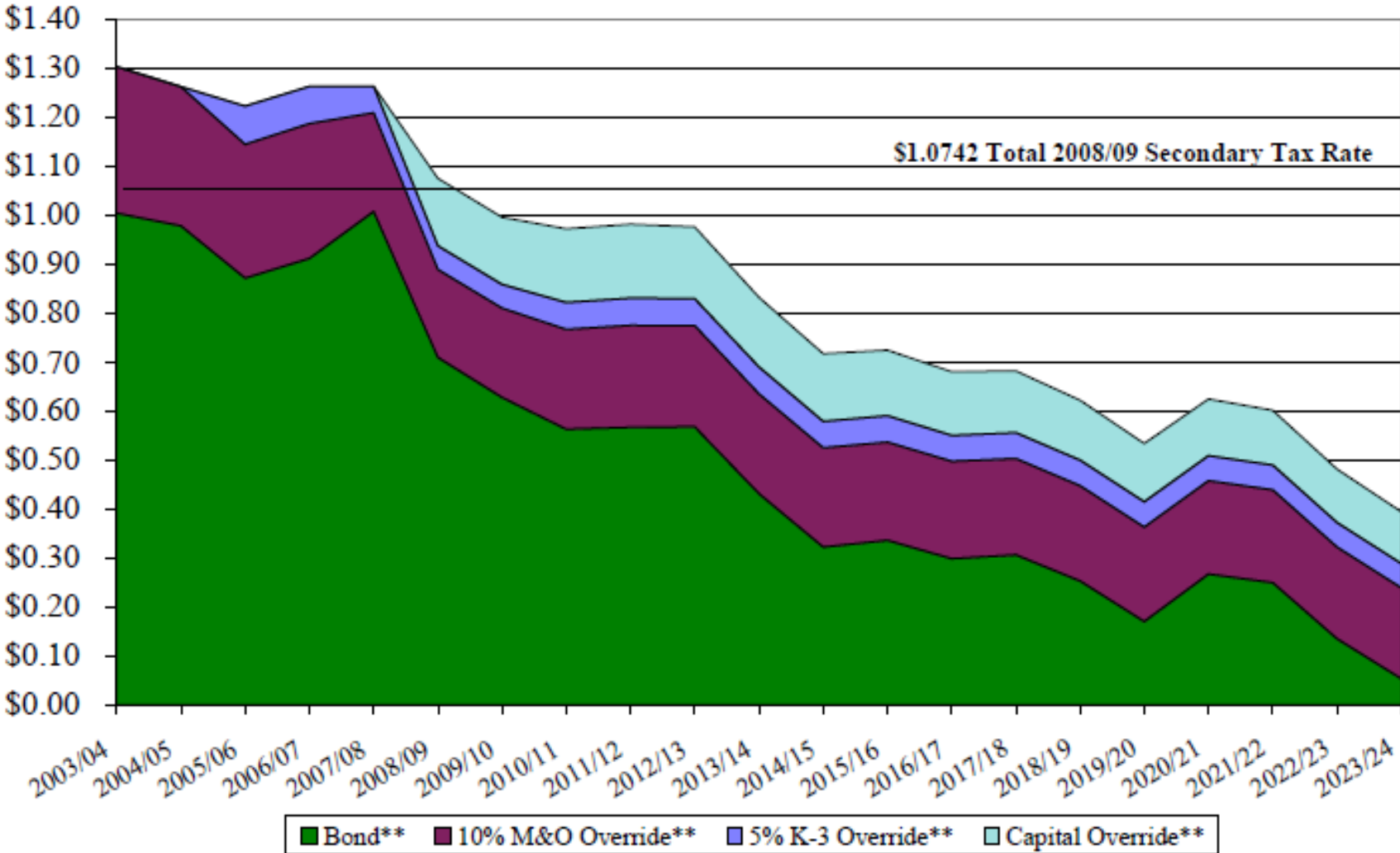
- Need Guidance on Insurance Qualification
- Need Guidance on Restoration of Cuts
- Need Guidance on Participation Fees

FY 10 - Tax Projection

- FY 10 Secondary Assessed Valuation - \$7,201,679,605 (.6%)
- Projected Secondary Tax Rate - \$1.00/\$100 Assessed Value
 - Reduction of 7¢
 - Additional Revenue if Tax Rate Constant \$ 5,719,712
- Currently Outstanding Bond Debt - \$321,805,000
- Projected Bonding Capacity - \$553,392,961
- Projected Combined Tax Rate - \$3.80/\$100 Assessed Value
 - Decrease of 9¢ Estimated
- Total Assessed Value Could Decrease by 8% Next Year

SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48

Historical and Projected Total Secondary Tax Rate*



* Tax rates stated per \$100 of projected secondary assessed value.

** Includes future amounts projected herein.

DISCUSSION