

Budget Update #4

January, 2010

What we know....

- Governor Kaine's proposed budget released December 18 **reduces state funding for Greene County Public Schools by \$698,595 assuming current enrollment holds "flat" (2750).**
 - Governor Kaine's budget proposal holds the Composite Index flat since the biennial adjustment would have further penalized most localities.
 - Governor Kaine's budget proposal **eliminates Technology VPSA funds. This \$232,000 reduction for Greene County Public Schools is 61% of our current division technology operations budget.** These funds are specifically designated for essential, non-discretionary internet services, network and school computer hardware.
- 1 Step increase for staff equals \$241,169 (~1.27% average increase)
- Some roof sections at William Monroe High School must be replaced in the next fiscal year. **Preliminary estimates range from \$350,000 to \$500,000 depending on the roofing system and warranty.**

Governor's Budget

- The \$698,000 cut currently in Governor Kaine's budget is a **fictitious number**. Governor McDonnell and the state legislature have not amended the budget yet
- Gov. Kaine's budget is **based on additional tax revenue** (car and sales tax increases)
- Gov. McDonnell has indicated that he will not raise taxes
- The CPI freeze **"has about a 50-50 chance"** of surviving (Del. Rob Bell)

What we know....

- Assessment values have been increasing ~11.25% per year on average since 2004 **(this figure does not take into account credits for land use and the elderly)**. During this same time period, local funding for education has increased ~3.5% on average per year (not considering the funding decrease for FY 2010).
- Greene County Public Schools has dropped from 10% below the state average in Per Pupil Expenditure (PPE) to 13.5% below the state average based on the most recently published Department of Education Superintendents Annual Report **(PPE does not include capital spending)**
- **School administration has identified ~\$600,000 in possible budget reductions for FY 2011 that could primarily be achieved by restructuring programs, not back-filling select vacancies, and eliminating some positions.** Many of these cuts directly impact classrooms and students. Reductions in staff in previous budget cycles have created a situation where additional cuts going forward will have a more direct impact on kids.

What we think we know....

- **Assuming** the proposed VRS holiday holds for the last quarter of FY 2010, the Schools should not need to request a supplement for additional federal funding in FY 2010 (reference 5/13/09 budget presentation) and will carry-forward/maintain \$300,000 to \$400,000 in federal stimulus funds for FY 2011.
- The energy performance contract will address the chiller replacement at WMHS

What we don't know....

- Governor McDonnell's/State Legislature proposed budget **could be radically different than Gov. Kaine's proposal** (especially if Gov. Kaine's proposal is based on his recommendation to reinstate the car tax).
- Health Insurance increase for FY 2011 not yet known. Current trend for industry at 100% utilization is 15% which would be ~ \$330,000. Hopefully this would be worst case scenario.
- Grant application results for funding to cover roof replacement (and window replacements) at WMHS in conjunction with energy performance contract initiative not yet known **(received zero percent bond funding for energy performance contract, no word yet on grant to replace roof)**
- **Local revenue picture unknown** – this is always a significant missing piece of the puzzle for the School Board in the budget development process - during a year such as this when faced with significant loss of state funding, this piece is critical.

Best Case Scenario

- \$698,000 state cut stands
- \$330,000 benefit increase (15%)
- VRS holiday stands
- CPI freeze stands
- Grant for WMHS roof is awarded

Projected deficit:

\$1,028,000

A Worst Case Scenario

- Assuming \$698,000 cut
- \$330,000 benefit increase (15%)
- CPI loss: \$300,000
- VRS holiday: \$320,000 less in stimulus funding (10-11)
- No roof replacement grant (financed)

Projected deficit:

\$1,748,000

Local Revenue Picture

- Greene is one of few localities experiencing some revenue growth
- Local revenue picture for School Board still very unclear
- School Board would require significant additional local funds to off-set State funding reductions

Potential Reductions

- Personnel
teachers/support staff/administration
- Program
adjustments/reorganizations/reductions
- Furloughs

Many personnel reductions being considered can be accomplished through retirements, re-assignments, and resignations.

Athletic and Performing Arts Facilities: Why now??

- We are retiring capital debt July 1, 2010 (\$140,000) and again July 1, 2011 (\$240,000)
- The BOS is open to maintaining these capital funds in the school budget to continue financing capital needs (there is NO guarantee that the retired debt service funds will remain in the school budget otherwise)
- We do not retire debt again until FY 2016. It is unlikely that we will be able to fund ANY significant capital needs in the foreseeable future unless it is a budget-neutral scenario.