

Budget Update #5

February, 2010

Current Budget Overview

2009 - 2010 Budget		
State Revenue	\$17,847,163	56.5%
Local Revenue	\$10,764,837	34.1%
Federal Revenue	\$2,159,914	6.8%
Other Revenue (fees & reimbursements)	\$812,440	2.6%
TOTAL BUDGET	\$31,584,354	

**State Revenue for FY 2010 includes \$1,039,569 State Fiscal Stabilization Funds*

Current Budget Overview

- May 2009 School Board Adopted Budget Included \$314,000 in Personnel Reductions
- 11 Positions Impacted / Net Positions Lost = 8.5
 - Accounts Payable Clerk
 - NGES Assistant Principal
 - GCPS Administrative Support Reduction
 - 4 Teacher Assistants
 - 2 Teachers
 - 1 Secretary Assistant
 - Nurse Practitioner Changed to LPN

Governor's Budget

- 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 **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.
- 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

Governor's Budget

- 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
- Gov. McDonnell has recommended that the LCI be unfrozen (LCI increase= \$579,000 lost revenue. This will be adjusted based on ADM)

Local Composite Index (LCI)

- The Composite Index determines a school division's ability to pay education costs fundamental to the commonwealth's Standards of Quality (SOQ). The Composite Index is calculated using three indicators of a locality's ability-to-pay:
 - True value of real property (weighted 50 percent)
 - Adjusted gross income (weighted 40 percent)
 - Taxable retail sales (weighted 10 percent)
- Each locality's index is adjusted to maintain an overall statewide local share of 45 percent and an overall state share of 55 percent.
- The LCI is updated every 2 years based on numbers from the previous biennium
- Greene County's index was .3224 for 2008–2010
- If the index is “unfrozen” for 2010-2012, it moves to .3500
- This 2.76 increase in the index of the locality's ability to pay will DECREASE state funding for education in Greene for next year by \$579,568 based on the most current budget proposal and state projections for our enrollment.

LCI increase reduces state funding based on calculations / assumptions that the locality is able to fund more

What we know....

- Some roof sections at William Monroe High School must be replaced in the next fiscal year. **Preliminary estimate is ~\$700,000 depending on the roofing system and warranty. Roof replacement could potentially be included in the Ameresco contract.**
- **School administration has identified ~\$626,000 (18.75 positions) 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 know....

Furloughs: ~\$87,000 per day savings per furloughed day

- Teachers, administrators, and most staff members would be subject to furloughs (recommended)
- Would require the adoption of a new salary scale reflecting the percent reduction in pay
- In exchange for a decrease in salary, personnel would receive paid vacation days (ie 3 furlough days= 3 paid vacation days would be reflected in the calendar)

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 and potentially the roof 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
- \$579,000 LCI increase
- Grant for WMHS roof is awarded

Projected deficit:

\$1,607,000

A Worst Case Scenario

- Assuming \$698,000 cut
- \$330,000 benefit increase (15%)
- LCI increase: \$579,000
- VRS holiday: \$320,000 less in stimulus funding (10-11)
- No roof replacement grant (financed)

Projected deficit:

\$1,927,000

Local Revenue Picture

- Greene is one of few localities experiencing revenue growth
- Local revenue picture is positive but it is still 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

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

Superintendent's recommendation

- Assume the state cut will remain \$698,000
- Assume benefits cost increase of ~\$330,000 (15%)
- Assume VRS holiday remains
- Assume Energy Performance Contract is awarded
- Assume carryover of ~\$300,000 in stimulus funds
- Assume marginal increases in fuel costs, service contract fees, insurances
- Assume no step or salary increases

Superintendent's Recommendation

Reduce **18.75** positions:
~**\$626,000**

8 Teacher Assistants

7.75 Teachers

1 Psychologist

1 Secretary Assistant

1 Truancy Officer

Reductions can be accomplished through:

- Re-organization of programs
- Re-deployment of staff
- Retirement
- Resignations
- "Reduction in Force"

Superintendent's Recommendation

(in addition to the proposed personnel reductions)

- Eliminate Summer School
- Reduce the scope of the Alternative Education program
- 5 Furlough days

Deficit Summary

State Reduction:	\$698,000
Benefits Increase:	\$330,000
LCI Increase:	\$579,000
Total Deficit:	\$1,607,000*

***This figure is subject to change based on:**

**Benefits % increase
Revised state budget
March 31 enrollment report
WMHS roof replacement decision
VRS holiday**

- All other budget categories will be level funded
- \$300,000 in carryover stimulus is assumed as part of the 2010-2011 budget because the positions that are currently funded through stimulus are already in the 2009-2010 budget (but only if the VRS holiday holds)
- No step or salary increase

Summary

Projected Deficit

State Cut: \$698,000

LCI Increase: \$579,000

Benefits

Increase: \$330,000

Total Deficit:

\$1,607,000

Recommended Cuts

Personnel Reductions:

\$626,000

Summer School:

\$40,000

Furloughs: \$435,000

Total: \$1,101,000

Summary

	2009 - 2010	2010- 2011	% Change
State Revenue	\$17,847,163	\$16,570,163	-7.16%
Local Revenue	\$10,764,837	\$11,270,837	4.70%
Federal Revenue	\$2,159,914	\$2,159,914	0.00%
Other Revenue (fees & reimbursements)	\$812,440	\$812,440	0.00%
TOTAL BUDGET	\$31,584,354	\$30,813,354	

Key Assumptions:

- \$506,000 local funding increase
- Enrollment “flat” at 2,750
- Health insurance increase at 15% or less
- No additional “reductions” to Governor Kaine’s budget (or no state reductions in excess of the LCI “unfreeze” impact already accounted for in numbers above)
- No reductions in federal funding/programs

Athletic and Performing Arts Facilities: Why now??

- We are retiring capital debt July 15, 2010 (\$140,000) and again July 1, 2011 (\$240,000)
- This project, if approved, would not impact the 2010-2011 budget. The capital debt that is being retired as of July 15, 2010 is already earmarked as the last payment on debt through 2010-2011
- The BOS has indicated a willingness to allow retired debt to remain in the 2011-2012 budget for the funding of a capital project (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.