



# Parent/Community Budget Presentation Fiscal Year 2010-2011

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March 2010

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## Finance Basics

Arizona divides school revenue & expenses into many distinct 'funds.' Examples include:

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- Maintenance & Operations
- Soft Capital
- Unrestricted Capital
- Building Renewal
- New School Construction
- Bond
- Debt service
- Auxiliary (programs)
- Federal & State Grants
- Classroom Site Funds
- Instructional Improvement
- Civic Center
- Food Service
- Indirect Costs
- Insurance Proceeds
- Unemployment Insurance

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## Finance Basics

School revenues come from many sources and are regulated by the Legislature and the Auditor General

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- State Equalization Aid for M&O
- Local primary property tax for M&O
- Local secondary property tax for M&O overrides
- Local primary property tax for Adjacent Ways
- Local secondary property tax for Debt Service
- CSF, Gambling, Tobacco, etc...
- Other: State & Federal Grants & State School Facilities

\*M&O = Maintenance & Operations

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## Maintenance & Operation Funds

M & O funds run the District

- Most Salaries and employee benefits
- Transportation costs
- Special Education costs (therapy/tuition)
- Property Insurance
- Supplies for students
- Supplies for building maintenance
- Dues and Fees (Westside Impact/Associations)
- Utilities (electricity/natural gas/water/sewer/trash)
- Purchased services (legal and auditing costs)
- Software support subscriptions

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## M&O Budget FY 2010

| Salary Type                      | Amount           |
|----------------------------------|------------------|
| Salaries (498 FTE)               | \$17,396K        |
| Teacher Substitutes              | \$ 250K          |
| Benefits – matching              | \$ 3,176K        |
| Benefits – Health/dental/life    | \$ 1,575K        |
| <b>Total Salary and Benefits</b> | <b>\$22,397K</b> |
| Purchased Services               | \$ 1,200K        |
| Purchased Property Services      | \$ 517K          |
| Other Purchased Services         | \$ 1,600K        |
| Supplies                         | \$ 1,250K        |
| Miscellaneous                    | \$ 165K          |
| <b>Total M &amp; O Budget</b>    | <b>\$27,129K</b> |

3/26/2010 All values are in thousands (K)

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## Littleton Comparisons

Source: Auditor General's Website

| Fiscal Year            | Littleton ESD |          |          | Arizona  | Nation |
|------------------------|---------------|----------|----------|----------|--------|
|                        | 2007          | 2008     | 2009     | 2009     | 2007   |
| Classroom dollars      | 56.8          | 57.7     | 59.0     | 56.9     | 61.0   |
| Administration         | 9.6           | 8.9      | 9.0      | 9.2      | 10.8   |
| Plant operations       | 9.4           | 9.2      | 8.9      | 11.6     | 9.8    |
| Food service           | 6.6           | 6.1      | 7.0      | 4.8      | 3.8    |
| Transportation         | 4.6           | 4.1      | 2.8      | 4.3      | 4.2    |
| Student support        | 8.7           | 8.6      | 9.0      | 7.5      | 5.3    |
| Instruction support    | 4.3           | 5.4      | 4.3      | 5.5      | 4.9    |
| Other                  | 0             | 0        | 0        | 0.2      | 0.2    |
| Student/teacher ratio  | 21.0          | 18.7     | 14.7     | 17.1     | -      |
| Average teacher salary | \$37,630      | \$40,565 | \$41,462 | \$45,209 | -      |
| Average experience     | 3.9           | 3.4      | 4.0      | 8.3      | -      |

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## 2011 M&O Budget The Governor's Plan

| Item                     | Amount     | Change     |
|--------------------------|------------|------------|
| Estimated Revenue Limit* | \$ 21,469K | (\$1,693K) |
| M&O Override (10%)       | \$ 2,147K  | (\$155K)   |
| K-3 Override (5%)        | \$ 1,073K  | (\$77K)    |
| Carryover                | \$ 0       | (\$213K)   |
| Capital Transfer to M&O  | \$250K     | (\$200K)   |
| Total Estimated Budget   | \$24,939K  | (\$2,338K) |

\*Estimated Revenue Limit Set by the Legislature

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## 2011 M&O Budget The Governor's Plan

The Governor's Plan includes a 1¢ increase to the sales tax rate beginning on June 1, 2010 and ending on May 31, 2013

- If the election **passes**, \$2.9 billion dollars over three years would be raised through the tax. Two-thirds of the money is dedicated to primary and secondary education
- If the election **fails**, districts could see between 12% to 19% budget reductions on top of the reductions already planned (*Legislature's or Governor's plan*)

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## Election Timeline

- Voter registration closes April 19, 2010
- Early voting begins April 22, 2010
- Election May 18, 2010

*Tax receipts would not be coming in until next school year*

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## Sales Tax Election Impact on Littleton ESD

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- Arizona Revised Statutes section 15-511 prohibits school districts from using school resources to influence the outcome of an election.
  - It prohibits school boards (collectively, as a board) and school employees, when on school time, from activities that would influence an election.
  - It prohibits the use of school property including equipment, paper, copiers, buildings, computers, etc. from being used to influence an election.

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## Sales Tax Election Impact on Littleton ESD

### The law DOES NOT PROHIBIT:

- Outside groups, including parent organizations, from organizing and using school buildings to have meetings in support of a campaign providing those groups lease the facilities in the manner any other group would be allowed to lease
- Free speech rights of individuals (politicking, including flyer distribution) at an event in which the public at-large is welcome, providing that such activity is welcome among all groups and is consistent with district policy for such activity
- Answering questions from a factual perspective on impact to the school district depending on election's outcome - unless facts can be viewed as being overly speculative, skewed or used selectively

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## Budget Task Force

- A Budget Task Force was formed to evaluate probable and possible reductions in budget caused by reduction in ADM and legislative action. The Task Force was made up of teachers, support staff, a parent and administrators.
- Their task was to identify areas of budget reduction and rank order them by tiers.

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## Steps in the Process

- Task Force members were educated on impending budget cuts and mechanics of the school budget.
- Members were asked to meet with sites/departments to generate ideas for efficiencies.
- Ideas were submitted to Task Force chairs and actual values were assigned to each idea.
- Members placed these ideas into tiers to match the estimated reductions needed for each level.

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## Task Force Guiding Tenets

- Sacred Buffalos - what is legal and what is not
- More efficient organization -changes and alignments are made to create the District that is more efficient and effective
- Minimize the impact on students and instruction
- Save as many jobs as possible
- Positions not people -when considering a specific area it is important to look at the position itself rather than the person filling it

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## Task Force Tier Levels

|                    |           |   |
|--------------------|-----------|---|
| <b>First Tier</b>  | -\$1,776K | The process began before the Governor's budget was available. |
| <b>Second Tier</b> | -\$ 760K  | Feedback was taken in several steps.                          |
| <b>Third Tier</b>  | -\$ 760K  | Numbers are rounded to thousands                              |
| <b>Fourth Tier</b> | -\$ 760K  |   |

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## Steps in the Process

- Tiers were presented to sites/departments by members with help from the building administrators in order to gain feedback for future discussions at a Task Force meeting.
- The Task Force met again to provide input on the suggested reductions. Members moved items between tiers and provided justifications for those movements.
- Tiers were adjusted to the satisfaction of the Task Force members. Tier placement is reflected in a later part of the presentation.

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## Budget Development Process

- Feedback was taken from the Governing Board in February
- Executive Team is making community/parent presentations to educate and obtain feedback
- Information from these meetings will be presented to the Board at the March 30<sup>th</sup> study session
- Recommendations will be taken from the Board so that a preliminary budget can be developed for future adoption

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## Budget Reduction Levels

|  |           |                   |
|--|-----------|-------------------|
| <b>Budget Reduction Level 1 –</b><br>Reductions required due to loss of ADM – 3%   | -\$750K   | 3%                |
| <b>Budget Reduction Level 2 –</b><br>Reductions required due to legislative budget cuts – 6%                                       | -\$1,500K | 9%                |
| <b>Budget Reduction Level 3 –</b><br>Reductions required due to more legislative budget cuts – 3%                                  | -\$750K   | 12%<br>15%<br>21% |
| <b>Budget Reduction Level 4 –</b><br>Reductions required due to deeper legislative budget cuts – 3%                                | -\$750K   |                   |
| <b>Budget Reduction Level 5–</b><br>Reductions required due to loss of election – 6%   | -\$1,500K |                   |
| <b>-OR-</b><br>Combination of staffing reductions, salary reductions and program reductions required due to loss of election – 12% |           | -\$3,000K         |

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## Reduction Option List - 1 of 3

*Cost estimates include salary and benefits*

| Option | Description                                     | Amount   |
|--------|---|----------|
| A      | General Staffing Reductions (25 FTE)            | \$1,250K |
| B      | Reduce Kindergarten by 50% (1/2 Day K) (14 FTE) | \$1,065K |
| C      | Eliminate Stipends and Addenda                  | \$ 500K  |
| D      | Eliminate Kindergarten Aides (19 FTE)           | \$ 438K  |
| E      | Eliminate Counselors (6 FTE)                    | \$ 322K  |
| F      | Eliminate Deans (4 FTE)                         | \$ 311K  |
| G      | Reduce Kinder Aides by 50% (9.5 FTE)            | \$ 219K  |
| H      | Eliminate Gifted Teachers (4 FTE)               | \$ 204K  |
| I      | Eliminate Instructional Coaches (6 FTE)         | \$ 187K  |
| J      | Eliminate Library Clerks (6 FTE)                | \$ 163K  |
| K      | Reduce Counselors by 50% (3 FTE)                | \$ 161K  |

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## Reduction Option List - 2 of 3

*Cost estimates include salary and benefits*

| Option | Description                                      | Amount  |
|--------|--|---------|
| L      | Reduce Deans by 50% (2 FTE)                      | \$ 155K |
| M      | Reduce Sub Days by 50%                           | \$ 154K |
| N      | Eliminate Band (3 FTE)                           | \$ 153K |
| O      | Eliminate District Paid Dental                   | \$ 136K |
| P      | Reduce Office Support-Sites (4.5 FTE)            | \$ 105K |
| Q      | Furlough Day 1                                   | \$ 99K  |
| R      | Furlough Day 2                                   | \$ 99K  |
| S      | Furlough Day 3                                   | \$ 99K  |
| T      | Furlough Day 4                                   | \$ 99K  |
| U      | Centralize Enrollment at District Office (4 FTE) | \$ 94K  |
| V      | Reduce Instructional Coaches by 50% (3 FTE)      | \$ 93K  |
| W      | Reduce Library Clerks by 50% (3 FTE)             | \$ 81K  |

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## Reduction Option List - 3 of 3

*Cost estimates include salary and benefits*

| Option | Description                                     | Amount |
|--------|---|--------|
| X      | Reduce Administrator at District (1 FTE)        | \$ 80K |
| Y      | Reduce TOSA's (1 FTE)                           | \$ 62K |
| Z      | Reduce Gifted staffing to 1 per 2 Sites (1 FTE) | \$ 51K |
| AA     | Reduce Band staffing to 1 per 3 Sites (1 FTE)   | \$ 51K |
| BB     | Reduce Administrator at District (0.5 FTE)      | \$ 40K |
| CC     | Reduce Sub Days by 10%                          | \$ 31K |
| DD     | Freeze Education Movement                       | \$ 30K |
| EE     | Reduce Clerical Support at District (1 FTE)     | \$ 23K |
| FF     | Eliminate District Paid Vision Insurance        | \$ 22K |
| GG     | Reduce Library Clerks to 7 Hours                | \$ 20K |
| HH     | Reduce Transportation Work Calendars            | \$ 5K  |
| II     | Increase Salary Schedule/Add 2 Furlough Days    | \$ 0   |

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## Budget Reduction Scenario With Full Day Kindergarten

| Full Day<br>K Option | Budget Reduction Levels 1 & 2<br>➤ Due to ADM & Anticipated budget cuts – 9% | \$ -2,247K |
|----------------------|--|------------|
| A                    | General Staff Reductions   | \$ -1,250K |
| G                    | Reduce Kinder Aides by 50%   | \$ -219K   |
| K                    | Reduce Counselors by 50%   | \$ -161K   |
| L                    | Reduce Deans by 50%  | \$ -155K   |
| P                    | Reduce Office Support-Sites  | \$ -105K   |
| Q                    | Furlough Day 1   | \$ -99K    |
| X                    | Reduce Administrator at District   | \$ -80K    |
| Y                    | Reduce TOSA's by 1.0 FTE   | \$ -62K    |
| AA                   | Reduce Band Staffing to 1 per 3 Sites  | \$ -51K    |
| EE                   | Reduce Clerical Support at District  | \$ -23K    |
| FF                   | Eliminate District Paid Vision   | \$ -22K    |
| GG                   | Reduce Library Clerks to 7 Hours   | \$ -20K    |

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All values are in thousands (K)

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### Budget Reduction Scenarios With ½ Day Kindergarten

| ½ Day K Option | Budget Reduction Levels 1 & 2<br>➤ Due to ADM & Anticipated budget cuts – 9% | \$ -2,315K |
|----------------|--|------------|
| A              | General Staff Reductions   | \$ -1,250K |
| B              | Reduce Kindergarten to ½ Day   | \$ -1,065K |

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*All values are in thousands (K)*

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### Budget Reduction Scenarios \$3 Million With Full Day Kindergarten

| Full Day K Option | Budget Reduction Level 3<br>➤ Due to possible future legislative cuts – 12% | \$ -753K |
|-------------------|---|----------|
| D                 | Eliminate Kindergarten Aides  | \$ -219K |
| E                 | Eliminate Counselors  | \$ -161K |
| O                 | Eliminate District Paid Dental  | \$ -136K |
| N                 | Eliminate Band  | \$ -102K |
| R                 | Furlough Day 2  | \$ -99K  |
| CC                | Reduce Sub Days by 10%  | \$ -31K  |
| HH                | Reduce Transportation Work Calendars  | \$ -5K   |

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*All values are in thousands (K)*

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**Budget Reduction Scenarios  
\$3 Million With ½ Day Kindergarten**

| ½ Day K Option | Budget Reduction Level 3<br>➤ Due to possible future legislative cuts – 12% | \$ -727K |
|----------------|---|----------|
| K              | Reduce Counselors by 50%  | \$ -161K |
| L              | Reduce Deans by 50%   | \$ -155K |
| P              | Reduce Office Support-Sites   | \$ -105K |
| Q              | Furlough Day 1  | \$ -99K  |
| Y              | Reduce TOSA's by 1.0 FTE  | \$ -62K  |
| AA             | Reduce Band Staffing to 1 per 3 Sites                                       | \$ -51K  |
| BB             | Reduce Administrator at District by 0.5 FTE                                 | \$ -40K  |
| CC             | Reduce Sub Days by 10%  | \$ -31K  |
| EE             | Reduce Clerical Support at District   | \$ -23K  |

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All values are in thousands (K)

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**Budget Reduction Scenarios  
Beyond 3 Million Dollars**

| Full Day K Option | Further Possible Level 4 Legislative Budget Reductions<br>\$ 740K or more – 15% or even more! |                                   | 1/2 Day K Option |
|-------------------|---|-----------------------------------|------------------|
| H                 | Eliminate Gifted Teachers   | Reduce Gifted Staff to ½ per Site | Z                |
| F                 | Eliminate Deans   | Eliminate Counselors              | E                |
| J                 | Eliminate Library Clerks  | Reduce Library Clerks to 7 Hours  | FF               |
| S                 | Furlough Day 3  | Furlough Day 2                    | R                |
| T                 | Furlough Day 4  | Furlough Day 3                    | S                |
| V                 | Reduce Instructional Coaches 50%  | Eliminate Band                    | N                |
| U                 | Centralize Enrollment   | Reduce Transportation Calendars   | GG               |
| B                 | Reduce Kindergarten to ½ Day  | Reduce District Administrator     | X                |
|                   |   | Eliminate District Paid Vision    | EE               |
|                   |   | Eliminate District Paid Dental    | O                |

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All values are in thousands (K)

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## Budget Reduction Levels

|  |     |
|--|-----|
| <b>Budget Reduction Level 1 –</b><br>Reductions required due to loss of ADM – 3%                         |     |
| <b>Budget Reduction Level 2 –</b><br>Reductions required due to legislative budget cuts – 6%<br>-\$2.25M | 9%  |
| <b>Budget Reduction Level 3 –</b><br>Reductions required due to additional legislative budget cuts – 3%  |     |
| <b>Budget Reduction Level 4 –</b><br>Reductions required due to deeper legislative budget cuts – 3%      | 21% |
| <b>Budget Reduction Level 5–</b><br>Reductions required due to loss of election – 6%<br>-\$3.00M         |     |

3/26/2010 Values are in millions (M)

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## Next Steps

- Information from these meetings will be presented to the Board at the March 30<sup>th</sup> study session
- Recommendations will be taken from the Board so that a preliminary budget can be developed for future adoption in April.
- Thank you to the Littleton Education Association for providing voter information and registration materials.

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## YOUR ROLE

The Governing Board and the management team values your feedback

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**Please fill out a feedback form**

Comments can include:

- Suggested changes to the level of options
- New ideas
- Questions to consider
- Comments about the presentation

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Thank you for your attendance

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