



2010-2011 Budget Planning  
and Development  
**Recommended  
Budget Modifications  
for School Board  
Consideration and Approval**

Regular School Board Meeting  
April 13, 2010





# Budget Planning and Development

## *Overview*

- Budget planning and development is a year-long process. We are presently facing numerous challenges as we make adjustments to our current year budget, and even more challenges as we develop our budget for next year and future years
- For the past three months our focus has been identifying budget adjustments for the 2010-2011 school year
- Budget cuts in each of the past few years do not always make headlines as budgets are continually adjusted and frequently reduced. In 2009-10, the district made \$1.5 million in budget cuts and modifications; none at the classroom level, virtually none at the school level. Reductions in previous years were also kept from the school and classroom level





# Strategic Directions and Budget Planning

## Overview

- The purpose of budget planning and development is to align resources with our vision and identified needs and directions within our strategic plan, positioning us to address emerging influences and make effective decisions now and in the future
- Ultimately, our primary focus is aligning and maximizing the use of limited resources so that we are able to support staff in continuously meeting the needs of and **improving the learning of each of our students**
- Before walking through the recommended budget adjustments for 2010-2011, Amy Schultz, director of business services, will provide an overview of our current financial picture.





## Budget Planning and Development

### *Current financial reality*

The **per pupil funding** we will receive from the State for the current school year is the same amount as last year. There was no increase.

However, there are **funding shifts** – when we receive the money from the state – that resulted in our having less net revenue for the current school year than we did in 2008-2009

In addition, we have also experienced **decreasing levels of reimbursement** for various programs, including Special Education and extended time revenue, while also seeing increasing levels of needed services





## Budget Planning and Development

### *Current financial reality*

- As we look to developing a balanced budget for 2010-2011, we are projecting flat levels of funding from the state. It would be optimistic to assume that schools will receive increased levels of funding. A *decrease* in the current level of funding is a possibility we must also anticipate.
- At this time, the State of Minnesota is planning to address a budget shortfall of \$1 billion for the current biennium. The projected deficit for the next biennium may approach or exceed \$5 billion.





# Budget Planning and Development

## *Current financial reality*

	2009-10 Revised	2010-11 Without Modifications	2010-2011 With Modifications
Revenue	43,471,732	42,533,067	42,973,067
Expenditures	44,198,456	44,807,292	42,947,292
Net Excess/(Deficiency) Subtotal	(726,724)	(2,274,225)	25,775
Beginning Unreserved Fund Balance	697,225	303,077	303,077
<i>Ending Unreserved Fund Balance</i>	303,077	(1,971,148)	328,852

(1) - Sites and departments have voluntarily frozen an additional \$200,000. If fully realized, ending fund balance is expected to be approximately \$500,000.

(2) - Stimulus revenue of \$500,000 is not included in these projections. Ending fund balance would increase by that amount.

(3) - If both (1) and (2) are realized, fund balance at June 30, 2011 is projected to be approximately \$1 million (2.3% of expenditures).

*We anticipate an additional \$1.7 million in budget modifications in planning for the 2011-2012 school year.*





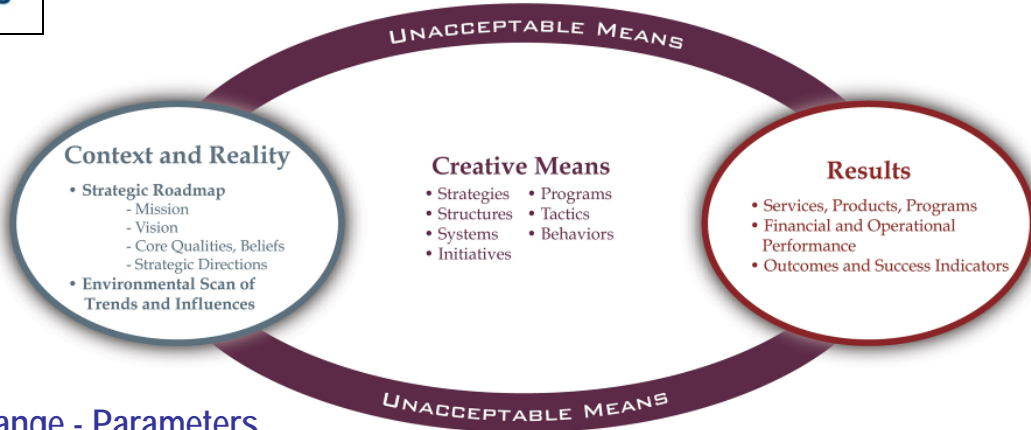
# Budget Planning and Development

## *Budget process, timeline*

Budget planning and development is an ongoing process. Here are some key processes and tasks.

- **November:** Wrap up 2008-2009 financial audit
- **December:** Initial enrollment and budget projections for 2010-11, while also updating current year budget
- **January:**
  - Budget planning data developed by administration
  - School Board developed Guiding Change document– desired results and unacceptable means – that defined out budget planning and development parameters (*next slide*)





**Guiding Change - Parameters**

Context and Reality	Desired Results	Unacceptable Means
<p>The purpose of this document is to guide the planning and development of our 2010-2011 budget, positioning us to continuously improve student learning. The following question will guide planning and development: <i>In what ways might we most effectively align resources with our purpose, vision, and identified needs and directions within our strategic plan, positioning us to make effective decisions now and in the future?</i></p> <p>Through the development of the budget, the following influences and challenges must be considered:</p> <ul style="list-style-type: none"> <li>▪ The State of Minnesota is facing a \$1.2 billion budget shortfall for the current biennium. This could grow even larger by the next projection in February. As we look to the future, receiving even current levels of funding may be optimistic. Inevitably, schools across the state will be impacted by this, including the Spring Lake Park Schools.</li> <li>▪ While base per pupil funding is currently slated to remain flat, the district is experiencing decreasing funding due to funding shifts – when we receive money from the state – that will result in our having less net revenue than we did in 2008-09. This will continue into the future</li> <li>▪ We are experiencing decreasing levels of revenues for programs such as extended time services and special education, while also experiencing increasing needs</li> <li>▪ We are projecting flat levels of student enrollment. However, we must pay attention to our decreasing market share as education consumerism is increasing, resulting in increased competition, such as charter schools and open enrollment</li> <li>▪ It is important that proposed change must align with overarching goal of achieving greater levels of coherence and alignment throughout the system</li> <li>▪ It is important that decisions position the school/program and district for the future, able to effectively adapt to emerging external influences, such as expanding choice, ever-growing influence of technology, etc.</li> <li>▪ Our current structured state (schedules, staffing ratios, and programs) and choices influences our budget and fund balance</li> </ul> <p>In response, our budget planning and development process will result in budget modifications of approximately \$4 million over the next two years, \$2.3 million of which would be necessary to balance the 2010-11 budget. In the end, we may find it necessary to modify our budget more or less than this amount.</p>	<p><b>The options created:</b></p> <ul style="list-style-type: none"> <li>▪ <u>will</u> develop a balanced general fund budget currently projected at \$42.4 million for the 2010-11 school year</li> <li>▪ <u>will</u> align resources with the strategic plan to be a world class learning community of choice; improve student learning results; and accomplish our strategic directions</li> <li>▪ <u>will</u> be developed following a review of all aspects of our current system and allocation of resources</li> <li>▪ <u>will</u> be developed following a review of all possible revenue sources (grants, Race to the Top, etc.) that align with our strategic plan</li> <li>▪ <u>will</u> position our district to make effective decisions in the future by reflecting internal and external influences</li> <li>▪ <u>will</u> have developed a budget by June 1 resulting in the ability to implement key strategic directions and priorities at the start of the 2010-11 school year</li> </ul>	<p><b>In creating options, we:</b></p> <ul style="list-style-type: none"> <li>▪ will <u>not</u> violate state statute or negotiated agreement</li> <li>▪ will <u>not</u> make arbitrary percentage-based program reductions</li> <li>▪ will <u>not</u> inhibit our ability to accomplish strategic directions</li> <li>▪ will <u>not</u> utilize non-sustainable ideas or strategies</li> <li>▪ will <u>not</u> avoid substantive discussions regarding QComp and it's annual \$1.2 million in new revenue (this would lower the \$2.3 million budget modification target by \$425,000 or more)</li> <li>▪ will <u>not</u> avoid substantive review of in-place cost structures (schedules, staffing ratios, administrative structure, etc.)</li> </ul>



# Budget Planning and Development

## *Budget process, timeline*

- **February 3 – Present:**

- We're not starting from scratch: Ongoing review of ideas generated from last years extensive budget planning process, as well as those initiated by community and staff
- Principals and directors working with School/Program Budget Planning Teams to identify potential budget modifications
- Administrative Team meeting regularly to review progress and develop a coherent approach to budget adjustments. Identified \$200,000 in current year budget freezes
- Board updates
- Regular communications and updates to community and staff





# Budget Planning and Development

## *Recommended approach*

Based on the financial reality covered earlier, and in response to the guiding change document developed by the School Board, we are recommending budget adjustments exceeding \$2 million this evening, We are presenting three tiers of recommendations:

- **Tier I Budget modifications recommended for implementation in the 2010-2011 school year**
- **Tier II Budget modifications that require further study and ongoing review. We will work towards these and implement as appropriate, yet they are savings we do not recommend as revenue or decreased expenditures in the budget at this time**
- **Tier III Budget modifications that are areas for consideration should we realize loss in revenue due to legislative action or inaction**





# Budget Planning and Development

## Tier I Budget modifications recommended for implementation

### Operations.....*estimated \$500,000*

- **Technology**
  - Energy savings: central shutdown of computer/technology equipment when not in use; Reduce technology service contracts; Other
- **Transportation**
  - Savings due to new transportation contracts for 2010-2011
- **Buildings and Grounds**
  - outdoor watering cycle efficiencies, all school grounds
- **Support Areas**
  - Transfer allowable expenditures from general fund to food service fund
  - Reduction of staff support positions
- **Human Resources related**
  - Attrition, purposeful management of costs in replacing staff due to retirements and resignations; decreased staffing needs due to enrollment





# Budget Planning and Development

**Tier I Budget modifications recommended for implementation**

## **Educational Services.....*estimated* \$575,000**

- **Reduce and/or eliminate testing and software services**
  - TransAct; Targeted use of Measures of Academic Progress assessment at the high school level
- **Activities budget reduction**
  - Supplies and program budget adjustment, recommended by the Activities Director, that will not negatively impact any activity
- **Reduction of field trips at the high school**
- **Ever more effective and efficient use of Targeted Services**





# Budget Planning and Development

## Tier I Budget modifications recommended for implementation

### Educational Services *continued*

- **Staffing adjustments**

- Class size ratio increases: 1 at middle school, 1 to 1.4 at high school
  - *Spring Lake Park has consistently improved class size standing in recent years due to budget reductions in other areas*
  - *Purposeful allocation of resources has allowed us to maintain and lower class sizes in the past while others have increased*
  - *The high school ranks #2 in Metro ECSU study, middle school improved from very bottom to 11 of 22. These changes, we anticipate, would result in our class sizes remaining at a similar ranking*
  - *These changes will not increase middle school core class sizes*





# Budget Planning and Development

**Tier I Budget modifications recommended for implementation**

## **Educational Services** *continued*

- **Staffing adjustments**
  - Elementary media specialists shared – 1 staff per two schools
  - Paraprofessional position
  - Restructure prep specialist schedule at Westwood Intermediate School, and restructure programming within elementary Gifted and Talented services





# Budget Planning and Development

**Tier I Budget modifications recommended for implementation**

## Educational Services/Special Education

*estimated \$310,000*

- Reduce program “slots” at programs outside the district. We can accomplish this by effectively and efficiently providing these services within the district, as well as students aging out of the program
- Billing of staff services provided to external programs
- Staff reductions due to students “aging out” of programs, as well as extremely encouraging results realized by the implementation of Systems of Interventions in each school. This provides services to students, while proactively reducing the number of students in need of Special Education services
- Materials and supplies reduction





# Budget Planning and Development

**Tier I Budget modifications recommended for implementation**

## Revenue Generation.....*estimated \$440,000*

- Increased enrollment, Lighthouse Program for the highly gifted
- Move forward with the planning and implementation of Q Comp

## Administration/Administration Support

*estimated \$200,000*

- Restructuring of administrative services at grades 9-12
- Restructuring of administrative staffing at the district level





## Budget Planning and Development

**Tier II** Requires further review, not recommended at this time

**Require further study and ongoing review. We will work toward implementing as appropriate, but not recommended at this time.**

- Further transportation efficiencies
- Further review and modification of elementary instructional delivery models
- Energy savings - eliminate or charge for staff appliances
- Utilize federal funds and integration revenue to support district and school-level professional learning
- Further use of targeted services programming
- Further attrition





# Budget Planning and Development

**Tier III** Could be considered if loss of revenue is significant

## Areas for further reduction as a result of loss in revenue due to legislative action or inaction

- Further class size increases
- Further reductions in the area of technology
- Further reductions within the area of buildings and grounds
- Elimination of the Dean of Students position at Westwood Middle School
- Reductions of supply and program budgets
- Reduction of elementary cluster planning days
- Supply and program budgets further reduced





## Moving Forward with Pride and Dedication

*We will successfully address our resource challenges and plan for a highly successful 2010-2011*

- Budget planning and development is an important process in our school district. It is what allows us to meet the needs of our students and community as we align resources with our vision and identified needs and directions within our strategic plan, positioning us to address emerging needs and make effective decisions now and in the future
- These recommended budget adjustments are difficult as the district does not have “extra” programs or services in place. Modifications impact staff, directly or indirectly, as 77% of our budget is in the area of staffing. This is not something we take lightly.





## Moving Forward with Pride and Dedication

*We will successfully address our resource challenges and plan for a highly successful 2010-2011*

- Ultimately, our primary focus must be to align and maximize the use of limited resources to both **personalize and improve the learning of each of our students**
- We have one of Minnesota's finest school districts and quite possibly it's best staff. We could not be prouder of our great, hard-working, and committed staff
- We are proactively positioning the district, our staff, and our students, to have a very successful year in 2010-2011. We will continue to make progress, to work harder than ever before, continue to align our resources, however limited, with improving student learning.





## Moving Forward with Pride and Dedication

*We will successfully address our resource challenges and plan for a highly successful 2010-2011*

- We conclude the presentation of the administration's budget planning and development process ---its overview, approach, and rationale--- and present these recommended 2010-2011 budget modifications for School Board consideration and approval.

