

## FY06 Budget Presentation

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Dr. Don White, Superintendent  
Pekin Public Schools District 108  
December 13, 2004

- WARNINGS
  - I apologize in advance for “breaking the rules” of good presentations.
  - There is a lot of information to share and I will refer to and at times read from my notes to make sure I do not miss any important points.
  - This presentation will take longer than 15 minutes but I cannot cover all the details in a short period of time.
- I ask that you allow me to go through the entire presentation and provide the summary at the end prior to asking questions.
- I will do my best to share my thinking as I present the information but there will certainly be questions about whether I considered a specific reduction or revenue increase. Please hold these until the end of the presentation.

## Budget & Recommendation Notes...

- Three **budget changes** from last year to this year improved our **SHORT-TERM** projections:
  1. **Foundation Level increase** generated approximately \$268,482 in new revenue
  2. **Poverty Grant “Hold Harmless”** passed during the 11<sup>th</sup> hour by the general assembly which avoided a revenue loss of approximately \$459,887
  3. **Over \$1 million in budget cuts** were implemented.
- This proposal **continues the budget reduction cycle** that has already resulted in **over \$4 million in cuts** over the 4 previous years.

- The Foundation Level increased by \$154 from \$4,810 to \$4,964.
  - District 108 only receives about half of this increase when the state aid formula is applied.
  - This has to do with the “local wealth” in D108.
  - Given that the state is projecting over a \$1 billion deficit for F06, it is quite possible that education funding will remain stable at best.
- The Poverty Grant was supposed to decrease by 1/3 of our \$1.3 million grant during FY05 and another 1/3 during FY06.
  - 1/3 of \$1.3 million would result in a Poverty Grant reduction of \$459,887 during FY05 and another 1/3 during FY06.
  - Information received from local legislators and budgetary analysts suggest that the Poverty Grant reductions will be implemented in full during FY06.
  - This means that District 108 could lose 2/3 of the current Poverty Grant which would result in a reduction of approximately \$800,000 based on current numbers.
- The net result is a projected June 30, 2005 Education Fund balance of \$1.3 million.
- Without the over \$1 million in reductions this year, we would not have the reserves projected for June 30, 2005.

## Budget & Recommendation Notes (continued)...



- The following **criteria** were my guide as I prepared the information for this presentation:
  - Maintain programs and services for students
  - Be a good steward of the Education Fund Reserves
  - Avoid the use of Working Cash Funds
  - Respond to community input gathered during District 108 information meetings
    - Users of services should pay a greater portion of the costs (e.g., extra-curricular, meals, & textbooks).
    - Administrators should be treated similar to other employees and contribute to the costs of health insurance.
    - Non-district students should pay full costs for accessing district programs.

## Budget & Recommendation Notes (continued)...



- The information in this presentation is **short-term!**
- We **MUST solve the revenue side** of the District 108 budget and **reinstate "mission critical" expenditures.**
  - People are a given
  - Textbooks
  - Professional Development
  - Technology
- This presentation was put together prior to the completion of several studies being conducted this year.
- A final FY06 recommendation will be presented to the Board at the January 24, 2005 Board meeting.
- Comments regarding the information in this presentation should be submitted to the superintendent no later than Friday, January 14, 2005.

- After the studies are completed, I will recommend a work session with the Board where we can present each of the studies and the corresponding ideas on how to make our district stronger and/or options that can be considered.
- It is quite possible that the findings in one or more of the studies will result in future savings and/or recommendations to the Board but the studies will not be completed in time to alter my January recommendation.

## Presentation Agenda

- General Information
- FY06 **Estimated** Revenue
- FY06 **Estimated** Expenditures
- 3 Budget Scenarios
- DRAFT Recommendation
- Scenario & Recommendation Summary
- Questions & Discussion



- These are estimates only.
- I will present three scenarios considered and then my DRAFT recommendation.
  1. All three scenarios and my DRAFT recommendation include revenue, reductions, and added expenses.
  2. One of the three scenarios results in a balanced budget where revenue equals expenditures. In other words, the scenario does not use any reserves or Working Cash.
  3. Scenarios 1 & 2 address some mission critical expenses that we have to address or I am fearful the organization will not continue to get current results. We must continue to move forward. Standing still is moving backward!
  4. As with past budget proposals, there are many items which will negatively impact our ability to respond to mandates and students needs.
  5. All three scenarios and my DRAFT recommendation avoid tapping Working Cash as a solution to our revenue crisis.

## FY06 Estimated Revenue



Revenue Item	FY05	FY06	Net Increase / Decrease
General State Aid	\$7,268,602	\$7,318,602	\$50,000
Poverty Grant	\$1,352,610	\$546,831	-\$805,779
Levy	\$10,430,385	\$10,736,144	\$305,759
CPPRT	\$2,582,907	\$2,592,907	\$10,000
Interest	\$48,000	\$53,000	\$5,000
State Grants	\$944,675	\$944,675	\$0
Federal Grants	\$1,369,988	\$1,369,988	\$0
<b>Total</b>	<b>\$23,997,167</b>	<b>\$23,562,147</b>	<b>-\$435,020</b>

- These estimates follow the conservative philosophy of “plan for the worst and hope for the best.”
- The state has projected another year of budget deficits.
- In the year beginning July 1, 2005, the General Assembly's Economic and Fiscal Commission expects state revenues to grow by \$325 million, but the pension systems alone will need \$600 million more in the next budget year than they did this year. (source: Champaign News Gazette – 12/11/04)
- I think it is safe to say that we cannot rely on increased state aid but I hope I am wrong.
- While HB750 offers hope, we are a long way from this becoming law.
- Please note that stable grant funding means that any increases have to be absorbed by other revenue. More than likely, this means local revenue.

## FY06 Estimated Expenditures



Expenditure Item	FY05	FY06	Net Increase / Decrease
Salaries & Benefits	\$15,935,628	\$16,719,478	\$783,850
Purchased Services	\$2,331,427	\$2,543,427	\$212,000
Utilities/Insurance	\$940,277	\$968,434	\$28,157
Capital Outlay	\$0	\$0	\$0
Other Objects	\$0	\$0	\$0
Tuition	\$551,936	\$568,494	\$16,558
<b>Total</b>	<b>\$19,759,268</b>	<b>\$20,799,833</b>	<b>\$1,040,565</b>

- The Salaries & Benefits increase is based on the negotiated agreement.
- Purchased services increases are based on known contracts with our partners.
- The utilities/insurance increases are based on historical data and the known agreements. (Health insurance was finalized through June 2006.)
- Tuition increases are estimated based on historical data.

## Revenue vs Expenditures Summary



	FY05	FY06	Net Increase / Decrease
<b>Revenue</b>	\$23,997,167	\$23,562,147	-\$435,020
<b>Expenditures</b>	\$19,759,268	\$20,799,833	\$1,040,565
		<b>Total</b>	<b>\$1,475,585</b>

## Budget Reduction Scenario 1

Item	Revenue	Reduction	Expense
Technology Purchases / Replacement			\$200,000
Textbook Adoption			\$300,000
Professional Development			\$80,000
Board Professional Development and Expenses			\$15,000
Increase Textbook Fees by 100%	\$139,143		
Increase Meal Prices by 100%	\$275,000		
Administrator Salaries		\$30,077	
Administrator Benefits		\$25,794	
Sports, Strings (Suzuki), Band, & All Other Extra-Curricular Programs		\$400,000	
Attrition		\$230,000	
Lead Reading Recovery Teacher		\$31,004	

- Scenarios 1 & 2 include the reinstatement of “mission critical” expenses.”
  - Technology expenses allow for the reinstatement of the replacement cycle at 4 stations per classroom.
  - The textbook adoption continues the recent reinstatement of the approved cycle.
  - Professional development includes both employee and Board professional development but they are specified as two separate line items.
    - Much like not addressing our physical plants, not addressing the needs of our employees and leaders will have a long lasting, negative impact on our ability to meet the needs of the organization.
- All 3 scenarios and my DRAFT recommendation include minimal salary increases for administrators and the two-year phase in whereby administrators begin paying a portion of the health insurance premium.
  - The Cost of Living Adjustment for 2004 was 2.7%. The overall increase as recommended will be 1.48%.
- I considered and investigated recommending reductions in the # of administrators but it is not recommended due to liability; limiting the ability of the administrator to respond to the needs of students, parents, and employees; inefficiencies from sharing administrators between schools; and increased responsibilities created by current and previous reductions.

## Budget Reduction Scenario 1 (continued)

Item	Revenue	Reduction	Expense
Reading Recovery Training Expenses		\$31,000	
Jr. High Industrial Technology		\$64,933	
2 Int. Learning Center Asst. Positions		\$19,898	
2 Jr. High Office Clerk Positions		\$23,760	
4 Int. Connections Teachers		\$170,848	
Shutdown Selected Schools at End of Day (non PEAK Schools)		\$32,472	
Shutdown Selected Schools at End of Day (PEAK Schools)		\$72,178	
Professional Development School Reductions		\$29,934	
Seek Additional Grants/Foundation Revenue			\$3,300

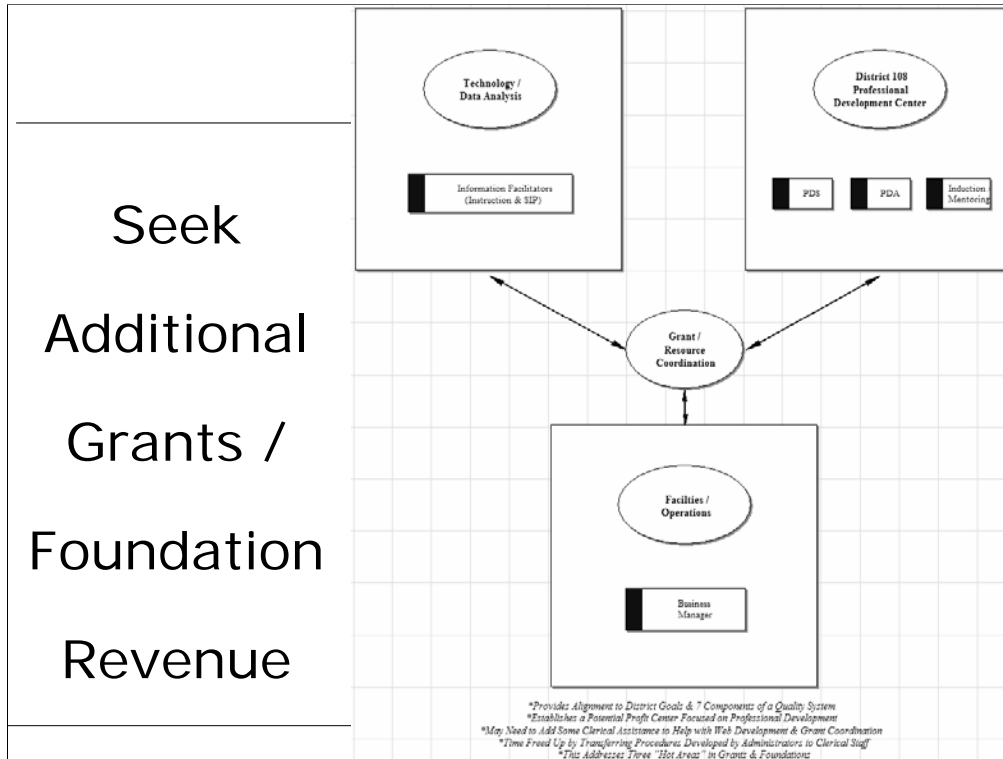
- Several of these items were part of the “Aggressive Recommendation” presented last year.
- All three scenarios and my DRAFT recommendation include adding some clerical time so that we reorganize our central office in a way that focuses on maximizing our ability to offer professional development and seek funding sources to support mission critical activities. I will explain this more on slide 12.

## Budget Reduction Scenario 1 (continued)



	Revenue	Reduction	Expense
<b>Subtotals:</b>	\$414,143	\$1,161,897	\$598,300
Subtotal Revenue + Reductions – Expenses:		<b>\$977,741</b>	
Use Education Fund Reserves:		<b>\$497,844</b>	
Total Revenue + Reductions – Expenses + Reserves:		<b>\$1,475,585</b>	

- Each scenario and my DRAFT recommendation include a summary similar to this one.



- This slide summarizes initial plans to reorganize some central office duties that will allow us to:
  - Seek additional grant and foundation revenue sources that target:
    - Technology and curricular needs.
    - Our internal efforts and capacity to provide professional development opportunities via the Professional Development School (PDS), the Professional Development Academy (PDA), and the newly implemented Induction & Mentoring Program
    - Facilities and safety related issues.
- This shift may require a minimal expenditure (\$3,300) to add some clerical time to the Central Office.

## Budget Reduction Scenario 2



Item	Revenue	Reduction	Expense
Technology Purchases / Replacement			\$200,000
Textbook Adoption			\$300,000
Professional Development			\$80,000
Board Professional Development and Expenses			\$15,000
Increase Textbook Fees by 100%	\$139,143		
Increase Meal Prices by 100%	\$275,000		
Increase Extra-Curricular Fees by 100%	\$97,895		
Charge Full Costs for Non-District Strings/Band Students	\$18,200		
Administrator Salaries		\$30,077	
Administrator Benefits		\$25,794	

- Scenario two has many of the same components as scenario 1.

## Budget Reduction Scenario 2 (continued)

Item	Revenue	Reduction	Expense
Attrition		\$230,000	
Lead Reading Recovery Teacher		\$31,004	
Reading Recovery Training Expenses		\$31,000	
Professional Development School Reductions		\$29,934	
Seek Additional Grants/Foundation Revenue			\$3,300

## Budget Reduction Scenario 2 (continued)



	Revenue	Reduction	Expense
<b>Subtotals:</b>	\$530,238	\$377,809	\$598,300
Subtotal Revenue + Reductions – Expenses:		<b>\$309,747</b>	
Use Education Fund Reserves:		<b>\$1,165,838</b>	
Total Revenue + Reductions – Expenses + Reserves:		<b>\$1,475,585</b>	

- Please note that scenario two uses almost all of the Education Fund reserves.

## Budget Reduction Scenario 3



Item	Revenue	Reduction	Expense
Increase Textbook Fees by 100%	\$139,143		
Increase Meal Prices by 100%	\$275,000		
Administrator Salaries		\$30,077	
Administrator Benefits		\$25,794	
Sports, Strings (Suzuki), Band, & All Other Extra-Curricular Programs		\$400,000	
Jr. High Industrial Technology		\$64,933	
2 Int. Learning Center Asst. Positions		\$19,898	
2 Jr. High Office Clerk Positions		\$23,760	
4 Int. Connections Teachers		\$170,848	
Attrition		\$230,000	

- Scenario 3 eliminates extra-curricular programs and the items not accepted as part of my “Aggressive Recommendation” from last year.

## Budget Reduction Scenario 3 (continued)

Item	Revenue	Reduction	Expense
Lead Reading Recovery Teacher		\$31,004	
Reading Recovery Training Expenses		\$31,000	
Additional Reductions		\$7,494	
Professional Development School Reductions		\$29,934	
Seek Additional Grants/Foundation Revenue			\$3,300

## Budget Reduction Scenario 3 (continued)



	Revenue	Reduction	Expense
<b>Subtotals:</b>	\$414,143	\$1,064,741	\$3,300
Subtotal Revenue + Reductions – Expenses:		<b>\$1,475,585</b>	
Use Education Fund Reserves:		<b>\$0</b>	
Total Revenue + Reductions – Expenses + Reserves:		<b>\$1,475,585</b>	

- Scenario 3 results in a “balanced budget.”

FY06 Budget  
**DRAFT Recommendations**



Item	Revenue	Reduction	Expense
Increase Textbook Fees by 100%	\$139,143		
Increase Meal Prices by 100%	\$275,000		
Increase Extra-Curricular Fees by 100%	\$97,895		
Charge Full Costs for Non-District Strings/Band Students	\$18,200		
Administrator Salaries		\$30,077	
Administrator Benefits		\$25,794	
Attrition		\$230,000	

- My DRAFT recommendation was based on my desire to:
  - Be a good steward of Education Fund Reserves.
  - Avoid using Working Cash funds.
  - Maintain programs and services for students.
  - Respond to community input gathered during D108 information meetings. These include:
    - The users of these services should pay a greater portion of the costs.
    - Administrators should be treated similar to other employees and contribute to the costs of health insurance.
    - Non-district students should pay full costs for accessing district programs.
- Please understand that many of these reductions and the absence of restoring some previous reductions will have a negative impact on our ability to address mission critical issues.

FY06 Budget  
**DRAFT Recommendations** (continued)



<b>Item</b>	<b>Revenue</b>	<b>Reduction</b>	<b>Expense</b>
Lead Reading Recovery Teacher		\$31,004	
Reading Recovery Training Expenses		\$31,000	
Professional Development School Reductions		\$29,934	
Seek Additional Grants/Foundation Revenue			\$3,300

FY06 Budget  
**DRAFT Recommendations** (continued)



	Revenue	Reduction	Expense
<b>Subtotals:</b>	\$530,238	\$377,809	\$3,300
Subtotal Revenue + Reductions – Expenses:		<b>\$904,747</b>	
Use Education Fund Reserves:		<b>\$570,838</b>	
Total Revenue + Reductions – Expenses + Reserves:		<b>\$1,475,585</b>	

- This DRAFT recommendation results in using approximately half of our Education Fund reserves.

## FY06 Budget Scenarios & Recommendation **Summary**



- The next few slides give a **side-by-side comparison** of the 3 scenarios and the DRAFT recommendation
- The spreadsheet titled "**FY06 Budget Reductions & Revenue**" includes this side-by-side comparison plus the details behind each scenario and the DRAFT recommendation.
- This spreadsheet also includes "**Next Steps**" for the 3 scenarios and the DRAFT recommendation.

FY06 Budget Scenarios  
 & Recommendation **Summary** (continued)



<b>Revenue Items</b>			
<i>Scenario 1</i>	<i>Scenario 2</i>	<i>Scenario 3</i>	<i>DRAFT Recommendation</i>
<ul style="list-style-type: none"> <li><input type="checkbox"/> Increase Textbook Fees</li> <li><input type="checkbox"/> Increase Meal Prices</li> </ul>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Increase Textbook Fees</li> <li><input type="checkbox"/> Increase Meal Prices</li> <li><input type="checkbox"/> Increase Extra-Curricular Fees by 100%</li> <li><input type="checkbox"/> Charge Full Costs for Non-District Strings/Band Students</li> </ul>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Increase Textbook Fees</li> <li><input type="checkbox"/> Increase Meal Prices</li> </ul>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Increase Textbook Fees</li> <li><input type="checkbox"/> Increase Meal Prices</li> <li><input type="checkbox"/> Increase Extra-Curricular Fees by 100%</li> <li><input type="checkbox"/> Charge Full Costs for Non-District Strings/Band Students</li> </ul>

# FY06 Budget Scenarios & Recommendation Summary (continued)



<b>Personnel Items</b>			
<i>Scenario 1</i>	<i>Scenario 2</i>	<i>Scenario 3</i>	<i>DRAFT Recommendation</i>
<ul style="list-style-type: none"> <li><input type="checkbox"/> Administrator Salaries @ 3%</li> <li><input type="checkbox"/> Administrators Pay 7.5% of Health Care</li> <li><input type="checkbox"/> Attrition</li> <li><input type="checkbox"/> Eliminate Lead Reading Recovery Teacher</li> <li><input type="checkbox"/> Eliminate Jr. High Industrial Technology</li> <li><input type="checkbox"/> Eliminate 2 Int. Lrng Center Asst. Positions</li> <li><input type="checkbox"/> Eliminate 2 Jr. High Office Clerk Positions</li> <li><input type="checkbox"/> Eliminate 4 Int. Connections Teachers</li> </ul>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Administrator Salaries @ 3%</li> <li><input type="checkbox"/> Administrators Pay 7.5% of Health Care</li> <li><input type="checkbox"/> Attrition</li> <li><input type="checkbox"/> Eliminate Lead Reading Recovery Teacher</li> </ul>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Administrator Salaries @ 3%</li> <li><input type="checkbox"/> Administrators Pay 7.5% of Health Care</li> <li><input type="checkbox"/> Attrition</li> <li><input type="checkbox"/> Eliminate Lead Reading Recovery Teacher</li> <li><input type="checkbox"/> Eliminate Jr. High Industrial Technology</li> <li><input type="checkbox"/> Eliminate 2 Int. Lrng Center Asst. Positions</li> <li><input type="checkbox"/> Eliminate 2 Jr. High Office Clerk Positions</li> <li><input type="checkbox"/> Eliminate 4 Int. Connections Teachers</li> <li><input type="checkbox"/> Eliminate Expenses to Balance Budget</li> </ul>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Administrator Salaries @ 3%</li> <li><input type="checkbox"/> Administrators Pay 7.5% of Health Care</li> <li><input type="checkbox"/> Attrition</li> <li><input type="checkbox"/> Eliminate Lead Reading Recovery Teacher</li> </ul>

FY06 Budget Scenarios  
 & Recommendation **Summary** (continued)



<b>Extra &amp; Co-Curricular Items</b>			
<i>Scenario 1</i>	<i>Scenario 2</i>	<i>Scenario 3</i>	<i>DRAFT Recommendation</i>
<input type="checkbox"/> Eliminate Extra & Co-Curricular Programs		<input type="checkbox"/> Eliminate Extra & Co-Curricular Programs	

FY06 Budget Scenarios  
& Recommendation **Summary** (continued)



**Other Items**

<i>Scenario 1</i>	<i>Scenario 2</i>	<i>Scenario 3</i>	<i>DRAFT Recommendation</i>
<ul style="list-style-type: none"> <li><input type="checkbox"/> Eliminate Reading Recovery Training Expenses</li> <li><input type="checkbox"/> Professional Development School Reductions</li> <li><input type="checkbox"/> Shutdown Selected Schools at End of Day</li> </ul>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Eliminate Reading Recovery Training Expenses</li> <li><input type="checkbox"/> Professional Development School Reductions</li> </ul>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Eliminate Reading Recovery Training Expenses</li> <li><input type="checkbox"/> Professional Development School Reductions</li> </ul>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Eliminate Reading Recovery Training Expenses</li> <li><input type="checkbox"/> Professional Development School Reductions</li> </ul>

FY06 Budget Scenarios  
& Recommendation **Summary** (continued)



<b><u>Expense Items</u></b>			
<i>Scenario 1</i>	<i>Scenario 2</i>	<i>Scenario 3</i>	<i>DRAFT Recommendation</i>
<ul style="list-style-type: none"> <li><input type="checkbox"/> Seek Additional Grants / Foundation Revenue</li> <li><input type="checkbox"/> Technology Rotation / Replacement</li> <li><input type="checkbox"/> Textbook Adoption</li> <li><input type="checkbox"/> Professional Development</li> <li><input type="checkbox"/> Board Professional Development and Expenses</li> </ul>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Seek Additional Grants / Foundation Revenue</li> <li><input type="checkbox"/> Technology Rotation / Replacement</li> <li><input type="checkbox"/> Textbook Adoption</li> <li><input type="checkbox"/> Professional Development</li> <li><input type="checkbox"/> Board Professional Development and Expenses</li> </ul>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Seek Additional Grants / Foundation Revenue</li> </ul>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Seek Additional Grants / Foundation Revenue</li> </ul>

FY06 Budget Scenarios  
& Recommendation **Summary** (continued)



	<u><i>Scenario 1</i></u> <i>Not a Balanced Budget</i>	<u><i>Scenario 2</i></u> <i>Not a Balanced Budget</i>	<u><i>Scenario 3</i></u> <i>Balanced Budget</i>	<u><i>DRAFT Recommendation</i></u> <i>Not a Balanced Budget</i>
<b>Revenue</b>	\$414,143	\$530,238	\$414,143	\$530,238
<b>Reductions</b>	\$1,161,897	\$377,809	\$1,064,741	\$377,809
<b>Expenses</b>	\$598,300	\$598,300	\$3,300	\$3,300
<b>Reserves</b>	<b>\$497,844</b>	<b>\$1,165,838</b>	<b>\$0</b>	<b>\$570,838</b>
<b>Totals</b>	<b>\$1,475,525</b>	<b>\$1,475,525</b>	<b>\$1,475,525</b>	<b>\$1,475,525</b>

- This slide shows a summary of the revenue, reductions, expenses, and reserves used for the 3 scenarios and my DRAFT recommendation.

## FY06 Budget Scenarios & Recommendation **Summary** (continued)



- I realize that **I will be criticized** by some that believe one or more of the following:
  - The recommendations should motivate people to **vote yes** for a referendum.
  - The recommendation should result in a **balanced budget**.
  - All **employee groups** should be treated equally.
  - The "**mission critical**" expenditures should be reinstated.
- The DRAFT recommendation is based on the **criteria** shared at the beginning of this presentation.
- The next slide shows a **matrix** contrasting the scenarios and DRAFT recommendation **based on the criteria** used to develop the proposals.

FY06 Budget Scenarios  
& Recommendation **Summary** (continued)



Criteria	Scenario 1	Scenario 2	Scenario 3	DRAFT Recommendation
Be a good steward of Education Fund reserves.	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Avoid use of Working Cash.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Maintain programs and services for students.		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>
Respond to community input gathered during D108 information meetings.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

- This slide shows a matrix contrasting the scenarios and DRAFT recommendation based on the criteria used to develop the proposals.



# FY06 Budget Presentation

## **Questions & Discussion**

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Pekin Public Schools District 108  
December 13, 2004