



Metropolitan School District of
Washington Township

"Superior Schools in a Supportive Community"

Dealing with Our Financial Challenges

An Analysis of the Challenges We Face



The Challenges Presented to the District

- ▶ Redesigning and renewing the 2003 Referendum in May, 2010
- ▶ Considering a plan to deal with a \$4 million reduction if the GF referendum fails to pass
- ▶ Dealing with our 4.55% budget reduction caused by the State's shortfall in revenue
- ▶ Educating 10,500 children in a manner consistent with our Mission:

Our mission is to build the mind and character of every student by teaching the academic, creative, and social skills needed to achieve excellence.



Metropolitan School District of Washington Township

"Superior Schools in a Supportive Community"

Challenge 1: Redesigning and Renewing the General Fund Referendum

Our Immediate Challenge

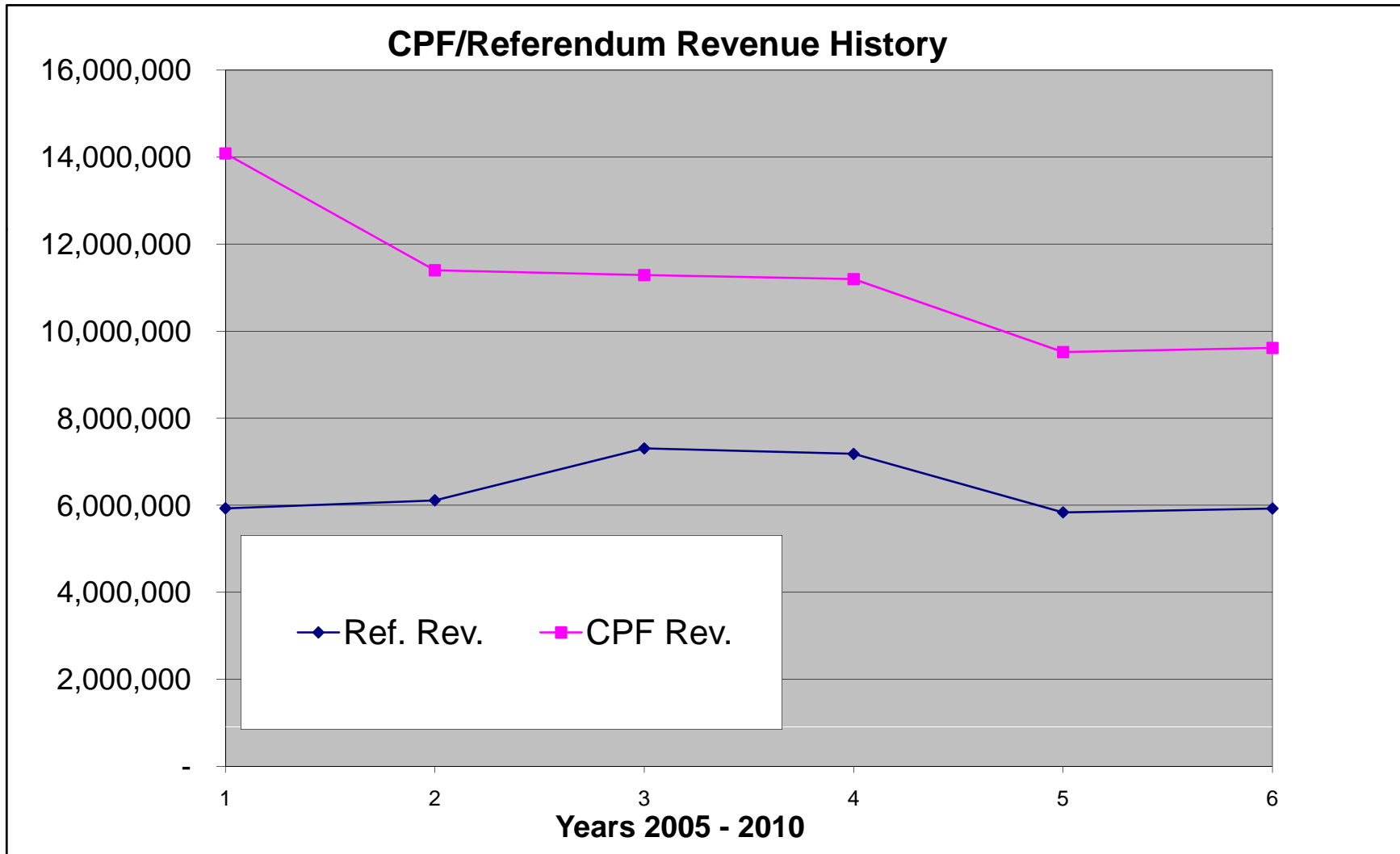


Redesigning Our Referendum

- ▶ The loss in Assessed Valuation (AV) in the district has shrunk the Referendum Fund and the Capital Projects Fund (CPF).
- ▶ We are facing the reality of not having enough revenue in CPF to operate our buildings.
- ▶ The correct size for the 2010 Referendum Fund is \$4 million.
- ▶ As a result, we must reduce General Fund expenditures by \$1.1 million.
- ▶ *The goal of these reductions is to structurally reduce General Fund expenditures – We must treat these as permanent reductions.*



Graphic History of the CPF and Referendum Funds





Details of Possible Reductions

Reduction	GF Impact	Rationale/Details/Background
Eliminate elementary and middle school summer school with the exception of ENL Summer school. Eliminate Category 2 H.S. classes. Maintain current level of offerings in H.S.	\$ 130,000	The State does not reimburse this completely. We would maintain, but limit, the size of NC Summer School. The HS cost \$275K and shorten ENL Summer School from 20 days to 16 days.
Eliminate Youth Support Academy	\$ 64,000	This support can be provided in each middle school in the ISS programs there.
Eliminate Academy Six	\$ 101,000	This support can be provided in each school. (EW does not currently have any A6 students.)



Details of Possible Reductions

Reduction	GF Impact	Rationale/Details/Background
Eliminate a 20 % of Elementary Classroom Assistants	\$ 238,000	We will examine the structure and use of the remaining assistants. (Does not include Special Education or ELL Assistants.)
Reduce NC General Fund Costs	\$ 300,000	This will involve a reduction in teaching and/or classified staff. This might be done through attrition.



Details Of Possible Reductions

Reduction	GF Impact	Rationale/Details/Background
Reduce ECA Positions in Athletics, Fine Arts, and other areas by 10%	\$ 52,000	We will reduce level of pay for coaches not in the bargaining unit.
Reductions in Custodial Staff or Maintenance Staff	\$ 150,000	Amounts to 3 positions plus the restructuring of an additional position.
Reduce GF Professional Travel and Professional Development	\$ 40,000	This reduction is about 45% of the budgeted funds. Stimulus money can be used to augment these functions. This figure may go higher.
Eliminate lobbying contract	\$ 10,000	In these fiscal times before a short session, this is expendable.
	\$ 1,110,000	Total



Metropolitan School District of Washington Township

"Superior Schools in a Supportive Community"

Issue 2: Planning for a \$4 million
General Fund reduction if the
Referendum fails

Our Duty to Plan



Our Role

- ▶ Revisiting the reductions discussed in the Community Roundtables
- ▶ Living up to our *responsibility to inform* the Washington Township Community of the changes necessary in our educational program if the referendum fails – the worse case scenario
- ▶ Beginning the process February 10



Metropolitan School District of Washington Township

"Superior Schools in a Supportive Community"

Issue 3: Dealing with the 4.55%
budget cut caused by the shortfall in
State revenue

Addressing the Unknown

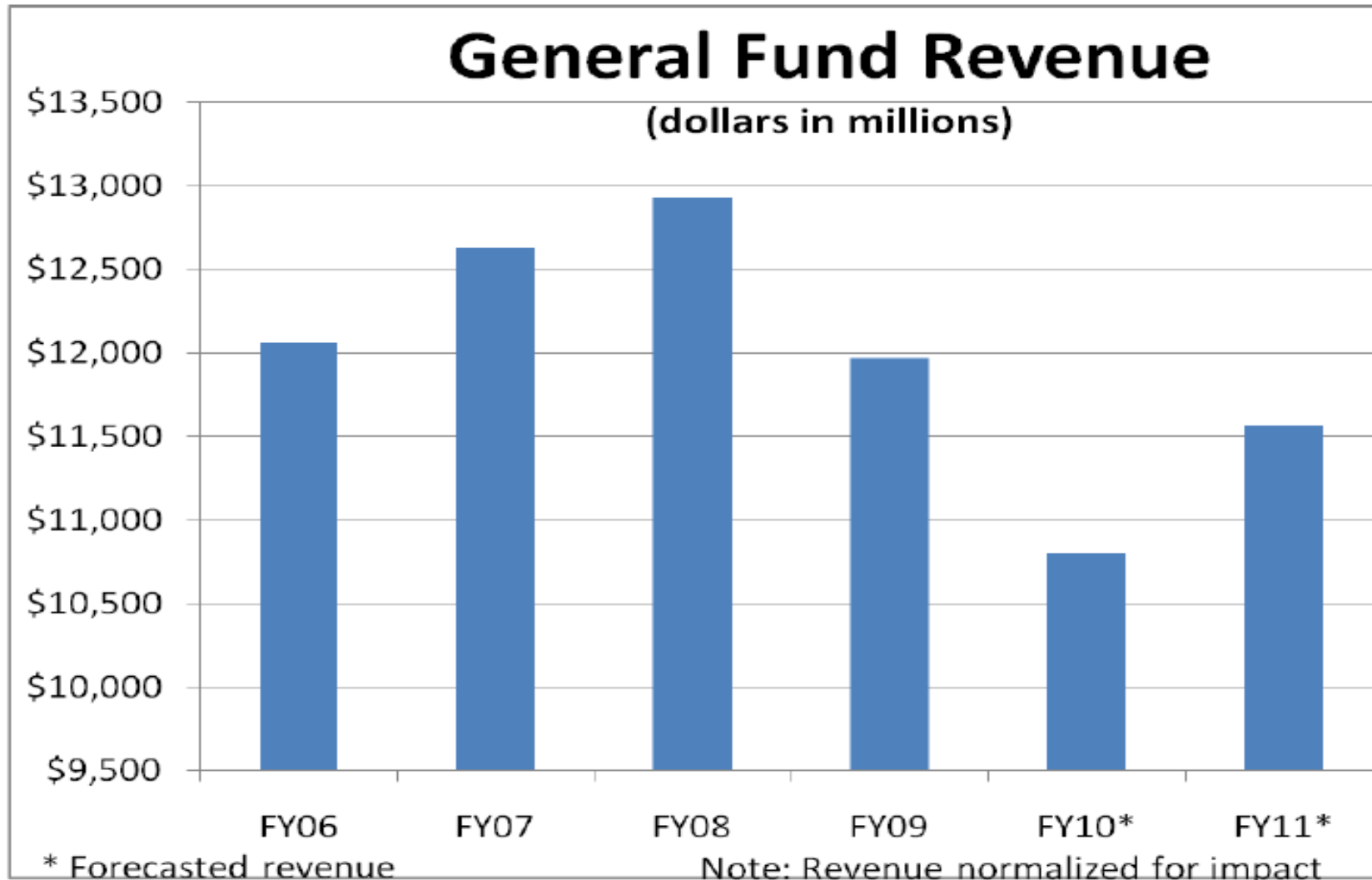


Perspectives from Lance Rhodes, IDOE's Chief Financial Officer

It is important to emphasize again that these adjustments represent a *complete reset* to the funding of K-12 education in Indiana. . . . **Schools should not anticipate a restoration of tuition support funding to previous levels.** It is incumbent on all of us to look at our business processes and practices in an effort to develop a new paradigm to address this challenge in education for years to come. **(Emphasis added)**



Indiana's General Fund Revenue FY06 to Projected FY11





Financial Realities - Revenue Analysis, Inflationary Factors, and Some History

The state funding formula determines the amount of total revenue schools can use, regardless of the source, to run their operation in the general fund.

Other sources include excise taxes and taxes on financial institutions.

	Actual 2004	Actual 2005	Actual 2006	Actual 2007	Actual 2008	Budget 2009	Budget 2010
Total Revenues	61,750,817	60,178,417	61,117,327	64,636,624	67,684,640	64,487,810	65,032,562 63,575,832
Consumer Price Index	62,675,608	64,806,579	66,880,389	68,753,041	71,365,656	70,751,911	

ESTIMATE

MSD Washington Township

ESTIMATE

ESTIMATED Sources and Uses

Budget Year 2010

	2010 Formula Pre-State Cut	2010 DOE Formula Run	State Reduction	
Basic Tuition Support	\$ 56,840,927	\$ 53,908,408	\$ 2,932,519	5.1592%
Honors Grant	\$ 212,400	\$ 212,400		
Special Ed. Grant	\$ 5,422,761	\$ 5,424,145		-0.0255%
Vocational Ed. Grant	\$ 719,575	\$ 719,575		0.0000%
Prime Time Grant	\$ 1,211,304	\$ 1,211,304		0.0000%
Total Support 2010	\$ 64,406,967	\$ 61,475,832	\$ 2,932,519	4.5510%

ESTIMATED Sources:

\$ 61,475,832

Add: ESTIMATED Misc. Revenues

\$ 2,100,000

(tuition, interest, prop. rent,
ind. cost, sum. sch., FDK,)

Total ESTIMATED Sources 2010

\$ 63,575,832

ESTIMATED Uses:

Estimated

Need

Base - ESTIMATED Expenses for 2010

\$ 63,880,975

\$ (305,143)

Base + Experience Increase (EI)

\$ 64,126,796

\$ 245,821

\$ (550,964)

Base w/Adj. (09-10) (no EI)

\$ 64,692,772

\$ 811,797

\$ (1,116,940)

Base w/Adj. (09-10) + EI

\$ 64,938,593

\$ (1,362,761)

Base w/Adj. (09-10)+Adj. (10-11) + EI

\$ 65,170,397

\$ 231,804

\$ (1,594,565)



First Things First

- ▶ It would be prudent to wait for the General Assembly to finish their work.
- ▶ Further revenue reductions could come:
 - ▶ We may not be at the bottom of the revenue slide in Indiana - more cuts could follow.
 - ▶ Loss of the Referendum in the election would cause us to trim an additional \$4 million
- ▶ Recounting Our Fiscal Accomplishments



Words From Ryan Kitchell, OMB Director About Instructional Expenditures

Overall, the statewide Student Instructional Expenditures ratio in 2007-08 was **60.6%**. This figure is lower than the reported 61.4% ratio from the previous 2006-07 year and identical to the 60.6% ratio during the baseline year of 2005-06. The reported ratio from ten years prior in 1997-98 was 62.8%. Out of 329 school corporations and charter schools, 145 had a higher ratio over the previous year.

MSDWT Instructional Expenditures – (Academic Achievement Plus Support)

Year	FY 1998	FY 2006	FY 2008	FY 2008
%	60.4%	67.7%	66.0%	67.0%



Other Accomplishments

- ▶ We have reduced expenditures in the General Fund without compromising the quality of our programs.
- ▶ We remain “competitive” in our quest for the best teachers and administrators for our schools.
- ▶ We have been a leader in operating fewer facilities and the use of grant money to stimulate our academic achievement.
- ▶ We have put ourselves into the position of facing a *manageable challenge* instead of an *unmanageable crisis*.



Our Timetable For Action

Action	Timeline
Approve \$1.1 Million Budget Reduction plan associated with the 2010 referendum	February 10, 2010 School Board Meeting
Begin discussion of \$4 million reduction plan necessary if the Referendum fails to pass	February 10, 2010 School Board Meeting
Evaluate and effects of the 4.55% General Fund revenue reductions mandated by the State and develop a plan to respond	After the General Assembly adjourns in late February or early March



Board Discussion

- ▶ Issue 1: \$1.1 million reduction plan
- ▶ Issue 2: Dealing with the \$4 million reduction if the Referendum fails
- ▶ Issue 3 Dealing with the 4.55% revenue reduction
- ▶ Other Topics and Discussion