Community Budget Meeting

February 21, 2017

Enrollment and Revenue Projections
Board Budget Committee & Goal

- Bob Moretti, Committee Chair
- Don Ryan, Committee Member
- Jan Cahill, Committee Member & Board Chair

Strategic Plan Goal: Provide prudent stewardship and accountability of public resources to best support educational opportunity and student success.
- The Board is committed to directing District resources to providing educational opportunity through both an instructional core and comprehensive programming while maximizing operational efficiency and public accountability within a sustainable budget. The District must recognize a need for a 21st Century learning environment, changing student population with more diverse needs, uncertain revenue streams and escalating costs.
End Game:

- A balanced GENERAL FUND budget for the 2017-2018 school year that provides high quality educational opportunity while maximizing operational efficiency and public accountability.

- GENERAL FUND: The General Fund Budget finances the instructional costs of the district along with general maintenance and operational costs. It does not include grant monies nor federal allocations.

- The BOND LEVY proceeds CANNOT be used to fund instructional and operational costs.
FOLLOW-UP FROM LAST WEEK...

Technology Revenues vs. Expenditures
Revenue – All Sources – Technology

2016-2017 Technology Budgeted Revenue
Total $2,389,107

* Includes Data for Achievement - $214,187.20
General Fund Expenditures

2016-2017 Technology General Budget

- Misc Expenses, $29,220.00, 1%
- Salaries [VALUE], [PERCENTAGE]
- Technical Services [VALUE], [PERCENTAGE]
- [CATEGORY NAME] [VALUE], [PERCENTAGE]
- [CATEGORY NAME] [VALUE], [PERCENTAGE]
- [CATEGORY NAME] [VALUE], [PERCENTAGE]

PLUS $225,000 from the Technology Levy and $62,930 from State Funding for EQUIPMENT

Salaries [VALUE], [PERCENTAGE]
This graph shows the total and per student revenues from local technology levies. This graph does not show expenditures.

* Levy for Elementary only. H.S. from General fund.
## Total Technology

<table>
<thead>
<tr>
<th></th>
<th>Great Falls</th>
<th>Missoula</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Fund</td>
<td>$ 1,998,748.73</td>
<td>$ 1,294,756.00</td>
<td></td>
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<tr>
<td>Technology Levy</td>
<td>$ 225,000.00</td>
<td>$ 1,633,457.00</td>
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</tr>
<tr>
<td><strong>Total</strong></td>
<td>$ 2,223,748.73</td>
<td>$ 2,928,213.00</td>
<td>-24.06%</td>
</tr>
</tbody>
</table>

Apples to apples per Student Spending Comparison for technology from the General Funds and Technology Levies of two districts:

- **GFPS**: $2,223,749 ÷ 10,471 = $212.37 per student
- **MCPS**: $2,928,213 ÷ 9,031 = $324.24 per student
According to MCA 10-15-101 two “official” counts:

- "Date of official enrollment count" for purposes of determining the enrollment used for calculating ANB means the first Monday in October or the first Monday in February, or the next school day if those dates do not fall on a school day.

### 10 Year History...2nd Official Count

<table>
<thead>
<tr>
<th>Year</th>
<th>Total</th>
<th>K-6</th>
<th>7-8</th>
<th>9-12</th>
<th>PK</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007-2008</td>
<td>10,389</td>
<td>5,517</td>
<td>1,540</td>
<td>3,332</td>
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<tr>
<td>2008-2009</td>
<td>10,377</td>
<td>5,527</td>
<td>1,579</td>
<td>3,271</td>
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<td>2009-2010</td>
<td>10,158</td>
<td>5,437</td>
<td>1,549</td>
<td>3,142</td>
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<td>2010-2011</td>
<td>10,061</td>
<td>5,514</td>
<td>1,493</td>
<td>3,054</td>
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<td>2011-2012</td>
<td>10,026</td>
<td>5,523</td>
<td>1,528</td>
<td>2,975</td>
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<td>2012-2013</td>
<td>10,082</td>
<td>5,652</td>
<td>1,491</td>
<td>2,939</td>
<td>103</td>
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<td>2013-2014</td>
<td>10,152</td>
<td>5,652</td>
<td>1,482</td>
<td>3,018</td>
<td>102</td>
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<tr>
<td>2014-2015</td>
<td>10,268</td>
<td>5,786</td>
<td>1,475</td>
<td>2,994</td>
<td>98</td>
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<td>2015-2016</td>
<td>10,040</td>
<td>5,708</td>
<td>1,465</td>
<td>2,867</td>
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<td>2016-2017</td>
<td>10,124</td>
<td>5,729</td>
<td>1,504</td>
<td>2,891</td>
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</table>

* Total does not include PK

**Of note:**
- 2017 elementary count is 2\textsuperscript{nd} highest in 10 years.
- 2017 7-8 count is 2\textsuperscript{nd} highest in 7 years.
- 2017 HS is 2\textsuperscript{nd} lowest in 10 years
- Without Graduation Matters GF, subtract 100 from those in the circle.
Using current enrollments and the last 5 years of live births for advancing kindergarten numbers:

<table>
<thead>
<tr>
<th></th>
<th>K</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
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<tbody>
<tr>
<td>16-17</td>
<td>817</td>
<td>797</td>
<td>850</td>
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<td>849</td>
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<td>789</td>
<td>754</td>
<td>752</td>
<td>883</td>
<td>701</td>
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<td>728</td>
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<tr>
<td>17-18</td>
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<td>797</td>
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<td>797</td>
<td>850</td>
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<td>752</td>
<td>883</td>
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<tr>
<td>19-20</td>
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<td>838</td>
<td>816</td>
<td>817</td>
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<td>789</td>
<td>754</td>
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<tr>
<td>22-23</td>
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<td>814</td>
<td>838</td>
<td>816</td>
<td>817</td>
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<td>829</td>
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<tr>
<td>23-24</td>
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<td>814</td>
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<td>816</td>
<td>817</td>
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<td>837</td>
<td>829</td>
<td>789</td>
<td>829</td>
<td>752</td>
<td>789</td>
</tr>
</tbody>
</table>
7-8 Enrollment Predictions

- 16-17: 1506
- 17-18: 1543
- 18-19: 1618
- 19-20: 1678
- 20-21: 1686
- 21-22: 1687
- 22-23: 1647
- 23-24: 1614

9-12 Enrollment Predictions

- 16-17: 2976
- 17-18: 3000
- 18-19: 3090
- 19-20: 3178
- 20-21: 3124
- 21-22: 3221
- 22-23: 3304
- 23-24: 3365
**Overloaded Classrooms**

- Number of overloaded classrooms as of February count:
  - **K:** 21
  - **1st:** 21
  - **2nd:** 17
  - **3rd:** 1
  - **4th:** 6
  - **5th:** 2
  - **6th:** 0

  **Total K-2 = 59/121 overloaded classrooms or 49%**
  **Total K-6 = 68/260 overloaded classroom or 26%**
  **K-6 classrooms right at standard: 13**
  **Total 7-12 = 0 overloaded classrooms**

Class Size Accreditation Standards:
- **K-2:** 20 students
- **3-4:** 28 students
- **5-12:** 30 students

**K-6 schools may exceed the standards by hiring an instructional aide. The maximums then are:**
- **K-2:** 24 students
- **3-4:** 32 students
- **5-6:** 34 students
- **7-12:** 30 students
Upcoming Demographic Study & School Boundary Realignment Process

- **Cropper GIS (Geographic Information Systems)**
  - Matthew Cropper, GISP & Jerome McKibben, PhD
  - From Ohio
  - Has worked with many other Mt. Districts
  - Expertise in:
    - Demographic studies, K-12 redistricting & long-range facility planning

- **February 27, 5:30 pm**
- **Board Work Session**
- **Agenda:**
  - Overview of demographic study
  - Review the boundary realignment process
  - Review criteria to support boundary changes
  - Discuss committee formation and participants
  - Review timeline and objectives
Why is enrollment important?

Many of the state funding formula components are based on student enrollment.
### 2016-17 Funding Component Breakdown

**Total = $70,007,445**

#### Elementary

<table>
<thead>
<tr>
<th>Component</th>
<th>Amount</th>
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</thead>
<tbody>
<tr>
<td>100% Maximum</td>
<td>$47,881,423</td>
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<tr>
<td>Voted Levy Potential</td>
<td>$1,014,489</td>
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<tr>
<td>Guaranteed Tax Base</td>
<td>$7,943,783</td>
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<tr>
<td>Over Base Property Tax</td>
<td>$8,237,977</td>
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<tr>
<td>Budget</td>
<td>$46,866,934</td>
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<tr>
<td>Over Base Property Tax</td>
<td>$8,237,977</td>
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<tr>
<td>Guaranteed Tax Base</td>
<td>$7,943,783</td>
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<tr>
<td>*NRD</td>
<td>$342,212</td>
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<td>Local Base Property Tax</td>
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<td>Non-Levied Revenue</td>
<td>$1,856,660</td>
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<td>Special Education</td>
<td>$1,497,010</td>
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<td>Direct State Aid</td>
<td>$18,905,729</td>
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<tr>
<td>Data for Achievement</td>
<td>$152,008</td>
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<tr>
<td>Indian Ed for All</td>
<td>$158,653</td>
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<tr>
<td>American Indian Achievement Gap</td>
<td>$233,453</td>
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<tr>
<td>At Risk</td>
<td>$302,930</td>
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<tr>
<td>Quality Educator</td>
<td>$1,835,485</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>$46,866,934</strong></td>
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</table>

#### High School

<table>
<thead>
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<th>Component</th>
<th>Amount</th>
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<tbody>
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<td>100% Maximum</td>
<td>$23,226,076</td>
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<tr>
<td>Voted Levy Potential</td>
<td>$85,565</td>
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<td>Guaranteed Tax Base</td>
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<td>Over Base Property Tax</td>
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<td>Over Base Property Tax</td>
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<tr>
<td>Guaranteed Tax Base</td>
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<tr>
<td>*NRD</td>
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<tr>
<td>Local Base Property Tax</td>
<td>$2,945,007</td>
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<tr>
<td>Non-Levied Revenue</td>
<td>$826,381</td>
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<tr>
<td>Special Education</td>
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<td>Direct State Aid</td>
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<td>American Indian Achievement Gap</td>
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<td>At Risk</td>
<td>$81,680</td>
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<tr>
<td>Quality Educator</td>
<td>$768,828</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>$23,140,511</strong></td>
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*Numbers are rounded to the nearest whole dollar.*

✓ Additional funding component added by the legislation in 2013

*Natural Resource Development Payment added 2013 Legislative Session*
Anticipated State Funding

- HB 191... provides for inflationary funding that was built into the funding formula in 2013 which has to be funded each biennium

- “An act providing for an increase in the
  - Basic and Per ANB Entitlements
  - the total American Indian Achievement Gap payment
  - the total Indian Education for All payment
  - the total Data-for-Achievement payment and
  - the total Quality Educator payment.”

- Original bill inflationary increases on above components:
  - 1.37% for 2017-2018
  - 1.00% for 2018-2019
  - Total increase = 2.37%

- Amended to:
  - .5% for 2017-2018
  - 1.87% for 2018-2019
  - Total increase = 2.37%

- Has passed both houses.
1.37% inflationary factor increases with current formulaic ANB with 3-year averaging

K-8 $761,042
9-12 $82,284
Total Estimated Increase Was: $843,326

0.5% inflationary factor increases with current formulaic ANB with 3-year averaging

K-8 $430,590
9-12 $0
Total Estimated Increase Is: $430,590

Based on calculations provided by OPI
Revenue Projections
HOW IS REVENUE ESTIMATED?

This year’s local and state allocations (no reserves) $70,007,445

Additional STATE FUNDING:

Factors:
* Enrollment
* Inflation

Applied to Parts of the Funding Formula

$430,590

New revenue amount $70,438,035

Additional revenue can also be gained through local option voter-approved mill levies. Amounts are limited by caps imposed in the funding formulas:

• Maximum elementary levy with a vote: $1,139,532
• Maximum high school levy with a vote: $123,289
HOW ARE EXPENDITURES ESTIMATED?

Preliminary Basic Assumptions

• Assume current expenditures are on-going while looking for efficiencies
• Estimate General Fund Budget Cost Increases & Earmarks:
  • Contractual obligations (example: longevity)
  • Health Insurance Premium Increases
  • Other Operational Cost of Living Increases
  • Base Salary Increases (Negotiated)
Examples of Budget Need Assumptions:

- Data for Achievement revenue may be gone
- Longevity increases for general fund
- Health insurance is $5,524,230 from general fund so each 1% increase is $55,000
- Each 1% of raise = $541,000 from general fund
- Other

- $214,000
- $627,000
- $550,00 at 10%
- ?
- ?

- Example Total: $1,391,000
2017-2018 BUDGET NEED ESTIMATE (BASED ON EXAMPLES)

This year’s budget w/o reserves
$70,007,445

Examples of estimated cost increases:
Contractual Obligations
10% Health Insurance
Data for Achievement Loss

$1,391,000

New general fund budget amount needed to maintain comprehensive programming and staffing
$71,398,445

Examples:
$627,000 longevity + $550,000 health insurance + $214,000 D4A = $1,391,000
Compare the two examples:

This year’s local and state allocations (no reserves) $70,007,445

Additional STATE FUNDING:
Factors:
* Enrollment
* Inflation Applied to Parts of the Funding Formula

$430,590

New revenue amount $70,438,035

New general fund budget amount needed to maintain comprehensive programming and staffing $71,398,445

$1,391,000

Examples of estimated cost increases:
Contractual Obligations 10% Health Insurance Data for Achievement Loss
0% increase on base salaries

$960,410

This year’s budget w/o reserves $70,007,445
Questions?
Discussion

• What if anything, surprised you about either enrollment or revenues?

• Given the significant shortfall between predicted new state revenues and the examples of increases required for 2017-2018, what SPECIFIC options do you think the district has in balancing the 2017-2018 budget?
  ▪ Increase revenue
    ▪ Operational levy
    ▪ Technology levy
    ▪ Other?
  ▪ Maintain/decrease health insurance costs
    ▪ How?
  ▪ Reduce the number of staff
    ▪ Who?
  ▪ Reduce employee benefits
    ▪ Which?
  ▪ Evaluate all expenses & eliminate if possible
    ▪ Suggestions?
Next Meeting...

Tuesday, March 7, 2017
Legislative Update & Superintendent Budget Recommendations

THANK YOU FOR COMING!
See you in two weeks!