Community Budget Meeting

March 7, 2017

Legislative Update and Budget Options
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.
Bills Related to Funding

- Transmittal Report
- Bills that are probably dead that would have provided more funding:
  - HB 178 Jean Price: Provide ANB funding for 19 year olds
  - HB 192 Dave Fern: Raise legal dropout age to 18 or upon graduation
  - HB 31/32/33/253 Kelker/Funk: Inflationary increase for special education
  - HB 116 Kelker: Increase funding for gifted and talented
  - HB 227/270 Vinton/Anderson: Funding for career and technical education
  - HB 274 Kathy Kelker: Allow ANB funding for students with disabilities up to age 22
  - SB 69 Mary Moe: Create task force to study public employee health benefits
Bills that are still alive after transmittal:

- SB 103 Llew Jones: Clarify education laws related to minimum aggregate hours and proficiency
- SB 121 Ed Buttrey: Provide that volunteer positions are not reportable to TRS
- SB 307 Llew Jones: Revise K-12 school funding laws to address facilities
- HB 418 Kelly McCarthy: Revise funding for career and vocational/technical education
- HB 563 Kathy Kelker: Establishing Montana preschool grant program
- Budget bills: Eliminating Data for Achievement & Natural Resource Development (NRD) payment

Governor signed bill

- HB 191 Seth Berglee: Provide inflationary increase for ANB funding
FOLLOW-UP FROM TWO WEEKS AGO...
Revenue Projections
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 NEW calculations provided by OPI

Based on existing law with no other legislative changes

Or 21 cents per day per student of additional funding
SETS THE STAGE...

Budget Options
Budget addition needs:

- 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 increase on the base salary schedules = $541,000 from general fund
- Other

- $214,000 Pay out of reserves
- $628,000
- $553,000 at 10%
- ?
- Yes: Pay out of reserves

Minimum of $1,181,000 in needs
Compare revenue to expenditure example:

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

$382,266

New revenue amount $70,389,711

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

$1,181,000

New general fund budget amount needed to maintain comprehensive programming and staffing $71,188,445

$798,734
OPTIONS FOR BALANCING NEEDS WITH REVENUE
Revenue Balancing Option 1: Elementary Operational Levy

- Maximum elementary levy available with a vote: $1.2M
- Estimated tax increase of a $1M levy (7.62 mills) on a:
  - $100K home = $10.29/year or 86¢/month
  - $150K home = $15.44/year or $1.29/month
  - $200K home = $20.57/year or $1.71/month
- Use it for:
  - $799K shortfall
  - Salary increases
  - Data for Achievement and/or
  - Other operational increases
- Utilize reductions & operational changes to offset additional salary increases
Consider a $1 M technology levy in the high school for 10 years (6.90 mills... existing .55 mills)

- Estimate tax increase on a:
  - $100K home = $9.31/year or 78¢/month
  - $150K home = $13.97/year or $1.17/month
  - $200K home = $18.63/year or $1.55/month

- For all allowable costs listed in the statute (equipment, cloud storage, training)
- Find offsets of these in the general fund to cover a portion of the $799K shortfall (approximately $250K)

Utilize reductions and operational changes to offset:

- Remainder of the $799K shortfall ($549K) and
- Salary increases
Revenue Balancing Option 3: OPERATIONAL LEVY AND A TECHNOLOGY LEVY

• Combined tax increase on a:
  ▪ $100K home = $19.60/year or $1.63/month
  ▪ $150K home = $29.41/year or $2.46/month
  ▪ $200K home = $39.20/year or $3.26/month

• Find offsets of allowable technology costs in the general fund to cover a portion of the $799K shortfall (maybe $250K)

• Use operational levy for remainder of the $799K shortfall ($549K)

• Utilize reductions and operational changes to offset salary increases
Revenue Balancing Option 4: No Levy *(don’t ask or it/they fail)*

Utilize reductions and operational changes to offset:
- $799K shortfall and
- Salary increases

Here’s how the District could get to $2M in reductions and operational changes...
Examples of Reductions and Operational Changes

• Just examples at this point
• Generated from our conversations at these meetings as well with regard to:
  • Legal requirements
  • Accreditation standards
  • Student impact
• Will result in:
  • Programmatic changes
  • Increased class sizes
  • Fewer choices for students
• Will have more details at the March 21 meeting
Examples of Reductions and Operational Changes

1st $1 million:

- Reduce staff and personnel (approximately 15 FTE, various positions)
  - $855,000
- Partially suspend curriculum, assessment and textbook adoptions
  - $126,000
- Eliminate some summer contracted work
  - $18,000
Examples of Reductions and Operational Changes Continued...

• Next $.5 million:
  ▪ Eliminate some professional development/training/associated travel
    ▪ $77,000
  ▪ Reduce allocations for supplies and materials
    ▪ $200,000
  ▪ Reduce additional staff and personnel
    ▪ $217,000 (approximately 6 FTE)
  ▪ Eliminate additional summer contracted work
    ▪ $6,000
Examples of Reductions and Operational Changes Continued...

- **Next $.5 million:**
  - Eliminate more professional development/training/associated travel
    - $129,000
  - Further reduce allocations for supplies and materials
    - $80,000
  - Eliminate programs and related staff
    - $226,000 (approximately 3 FTE)
  - Reduce employee benefits
    - $50,000
  - Eliminate additional summer contracted work
    - $15,000
## Questions or Comments:

<table>
<thead>
<tr>
<th>Option 1: Elementary Operational Levy</th>
<th>Option 2: High School Technology Levy</th>
<th>Option 3: Both</th>
<th>Option 4: Neither</th>
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</thead>
<tbody>
<tr>
<td><strong>Cost</strong></td>
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<tr>
<td>$100K Home</td>
<td>$10.29 per year or 86¢ per month</td>
<td>$9.31 per year or 78¢ per month</td>
<td>$19.60 per year or 1.63 per month</td>
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<td>$799K Shortfall</td>
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<tr>
<td>Covers</td>
<td>May partially cover with offsets allowed for cloud storage, equipment &amp; training</td>
<td>Covers</td>
<td>Does not cover</td>
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<td><strong>Other Needs</strong></td>
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<td>Would require an approximate $1M in reductions and operational changes to cover costs and salary increases</td>
<td>Would require an approximate $1.75M in reductions and operational changes to cover costs and salary increases</td>
<td>Would require an approximate $750K in reductions and operational changes to cover costs and salary increases</td>
<td>Would require an approximate $2M in reductions and operational changes to cover costs and salary increases</td>
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<td><strong>Possible FTE Impact</strong></td>
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<td>-15</td>
<td>-21</td>
<td>-12 to -15</td>
<td>-24</td>
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Next Community Budget Meeting...

Tuesday, March 21, 2017
Additional Information and Committee Deliberation

AND

March 27, Board Meeting
PARIS GIBSON EDUCATION CENTER
5:30 PM

THANK YOU FOR COMING!
See you in two weeks!