

**MEMO TO: BOARD MEMBERS
DR. SARAH RISS**

FROM: DR. DIANE MOORE

DATE: APRIL 24, 2015

RE: 2015/2016 PROPOSED BUDGET MESSAGE

Enclosed please find the **second draft** of the 2015/2016 budget. During the April 13, Board meeting five possible budget scenarios were reviewed. After reviewing assumptions for each scenario, members directed the administration to concentrate on scenario four which would reduce expenditures by \$1.7 million.

Scenario 4

Operating Revenues	Inc/Dec From 2014-15	Operating Expenses	Inc/Dec From 2014-15	Operating Surplus / Deficit	Operating Fund Balance
\$55,463,778	(\$32,537)	\$55,608,621	(\$884,611)	(\$144,843)	\$15,560,147

Since this meeting the district received notice that DESE is projecting a 7% increase in Prop C sales tax revenue. This projected increase would conservatively provide an additional \$100,000 to the 2015-16 budget – line item 4. Based upon this new information the district administration targeted budget reductions between \$1.6 million and \$1.7 million.

The following revenue and expenditure assumptions were made for this draft budget:

Revenues:

- A 1% revenue growth is projected for property taxes with a 97% collection rate;
- Prop C Sales Tax revenue is projected to increase from \$2,800,000 to \$2,900,000.
- FDK tuition remains at \$2,000 with scholarships available for families with household incomes 40% above reduced lunch criteria or below;
- VICC transfer student tuition will remain at an estimated \$7,250 per student and our number of VICC students will decline;

- State foundation formula reflects funding with a proration factor of 95%;
- Federal revenue reflects no change in funding.

Total Operating Revenues are anticipated to be \$55,553,778. This is a decrease of \$142,037 compared to the current projected 2014-2015 school year operating revenue.

Expenditures:

- The budget reflects an overall salary increase of 1% for support staff. Teaching staff would move up one step on the salary schedule and steps 1 – 13 would decrease by 1%. Administrator salaries would remain frozen;
- An increase of 6% for health insurance premiums and assumes employees would pay 10% of the premium;
- A 5% increase is projected for utility costs;
- A 5% increase in property insurance rates;
- An additional \$25,000 was included in line item 45 – new employee hiring to complete a superintendent search;
- Food service costs are projected to increase by 3%;

District administrators met several times to develop a list of planned expenditure savings. These include:

Non-Staff Reductions	\$ 760,676
Non-Certified Staff Reductions	\$ 450,566
Full Time Not-Tenured Teachers	\$ 217,848
Part Time Not-Tenured Teachers	\$ 80,774
Certified Staff Resigning/Retiring	\$ 240,531
Total	\$1,750,395
Hold 2 elem. Teachers in reserve	
Due to possible enrollment needs	\$ 116,000
Total	\$1,634,395

With planned reductions, total operating expenditures are anticipated to be \$55,659,944. This is an overall decrease of 1.48% compared to the projected 2014-2015 operating expenditures. This budget draft reflects an ending deficit of (\$106,166).

The Business Office will continue to refine the budget projections before the Board is asked to adopt the new budget on June 22, 2015. If you have any questions, please do not hesitate to contact me.