Kenosha Unified School District
Budget Presentation
FY 2011-12

Sheronda Glass
Assistant Superintendent of Business Services
And
Ron Vavrik
Interim Chief Financial Officer
Agenda

• Opening – Dr. Hancock
  • Budgetary Consideration/Timeline
• Budget Overview – Sheronda Glass
  • Financial and Process Assessment
  • What We Are Facing
  • How Did We Get Here
  • Summary
  • Recommendations
• Budget Revenue/Expenditures – Ron Vavrik
• Budget Assumption Detail – Leadership Council
Budgetary Consideration Timeline
Why These Discussions Now?

• Zero-based Budgeting Timeline started in December 20, 2010

• State Legislative Issues/Budget Deliberations began in January 2011

• Information from State about cuts February 2011

• Presentation to Board April 20, 2011
If unchecked, approximate $12M increase in expenditures will continue to grow. Expenditures growing at projected current 4.8% increase through 2015.

The FY2012 revenue gap consists of an $8.3M revenue increase minus the loss of $7.2M in one time grants and federal dollars.

From 2012-2015 revenue growth is calculated at 3.3%, which assumes current state funding increases and maximum levy growth.
REALITY

Deficit of $30,411,406
Why Such A Large Deficit? – Loss of Revenue

- Elimination of Jobs Funds ($4,232,263)
- Elimination of ARRA Federal Funds – ($2,602,034)
- Decrease in Revenue Limit – ($9,853,604)
  - Based on per pupil reduction of $557.80 per student
- Elimination of Categorical Aid (Grants) – ($1,616,570)
- Elimination of Base Registration Fees ($1,000,000)
Summary of Revenue Changes

Total Loss of Revenue

$19,304,471!

This loss of revenue impacts how we provide education for our children!
Why Such a Large Deficit? – Expenditure Changes

- Total Required Expenditure Changes ($11,212,821)

  - Increased Salary and Benefit costs ($10,245,478) (Negotiated Contracts)

  - Increased Fixed costs such as transportation, liability insurance ($664,489)

  - Increased Operational Costs such as utilities, repairs and contracted services ($302,854)
Summary of Required Expenditure Changes

Total Required Expenditures

$11,212,821

Approximately $10,245,478 or 91% of $11,212,821 is due to an increase in negotiated salary and benefits for current staff!
What Does This Mean To The Taxpayer?

The increase in the property tax for the residents of Kenosha, Pleasant Prairie and Somers under the existing revenue limit is dependent on the amount of state aid the district receives. The property tax levy is the difference between the revenue limit and the amount of state general aid the district receives. The larger the state general aid, the lower the property tax levy.
What This Means for Taxpayers

The 2011-12 revenue limit is estimated to decrease by approximately $9.8 million. If the state decreases general aid by 75% of that amount, the remaining 25% will be used to lower the property tax levy. Since the state does not release state general aids estimates until July 1, the amount of general aids and property tax cannot be individually determined at this time. However we do know that the sum of state general aid and property tax cannot exceed the revenue limit.
What Does This Mean To The Taxpayer?

We have to conform to the revenue limit so we are forced to make changes to the way we do business. We have no choice.

The state, through the revenue limit and the distribution of the state public school general aid appropriation, dictates the size of our budget and the amount of property tax.
Where We Need To Be

Crowe Recommends:
- Limit deficit to $8.3 million for FY2012.
- 0% Growth in expenditures for FY 2013 and FY2014.
- Match expenditures with revenue growth in FY 2015 and thereafter.

Change in General Fund Balance (In Millions)

- Annual Change in Fund Balance
- Annual Change in Expenditures
- Aggregate Fund Balance
What Does It Take To Balance the Budget?

TRANSFORMATION!

• Zero-Based Budgeting

• Operational Changes

• Fiscally Responsible Decisions

• Financial Long-Range Planning

• Choices
Recommendations To Balance The Budget

- Operational Changes
- Educational Program Changes/Restructuring
- Examination and Reduction of Staffing Levels
Operational Changes

• School Closings
  • Columbus and Jefferson Annex

• Educational Support Center Discretionary Budget Reductions ($1,000,000)

• Examination and renegotiation of expired professional contracts (garbage collection, nursing services)
Educational Restructuring/Program Changes

- Charter School Funding Reductions
- High School Program Changes
- Instructional delivery and support changes
Reduction of Human Resources

• Examination of Five Year Staffing Trend

• Total Compensation for Each Negotiated Contract

• Breakdown of Reductions by Bargaining Group
(overall reduction of staffing FTEs. How they will be used will be based on programs)
<table>
<thead>
<tr>
<th>School Year</th>
<th>Total Staff All Groups</th>
<th>Staff Increase Over Prior Year</th>
<th>*Actual Student Population (Actual)</th>
<th>Student Increase Over Prior Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006-07</td>
<td>2475.72</td>
<td></td>
<td>22858</td>
<td></td>
</tr>
<tr>
<td>2007-08</td>
<td>2582.17</td>
<td>106.45</td>
<td>22769</td>
<td>184</td>
</tr>
<tr>
<td>2008-09</td>
<td>2642.11</td>
<td>59.94</td>
<td>22838</td>
<td>69</td>
</tr>
<tr>
<td>2009-10</td>
<td>2678.07</td>
<td>35.96</td>
<td>23019</td>
<td>181</td>
</tr>
<tr>
<td>2010-11</td>
<td>2740.27</td>
<td>62.2</td>
<td>23122</td>
<td>103</td>
</tr>
<tr>
<td>Grand Totals</td>
<td>264.55</td>
<td></td>
<td>537</td>
<td></td>
</tr>
</tbody>
</table>
### Total Compensation Costing for Each Group

<table>
<thead>
<tr>
<th>Settled Contracts thru June 30, 2013</th>
<th>Number of Members</th>
<th>KUSD Costs</th>
<th>Employee Contributions</th>
<th>Total Cost of Contract</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Principals, Central Office, Supervisory and Technical Personnel (AST)</strong></td>
<td>130</td>
<td>$17,451,871</td>
<td>$1,061,716</td>
<td>$18,513,588</td>
</tr>
<tr>
<td><strong>Teacher Contract</strong></td>
<td>1893</td>
<td>$182,977,005</td>
<td>$1,516,210</td>
<td>$184,493,215</td>
</tr>
<tr>
<td><strong>Secretary Contract</strong></td>
<td>144</td>
<td>$9,261,321</td>
<td>$660,745</td>
<td>$9,922,066.0</td>
</tr>
<tr>
<td><strong>Service Contract</strong></td>
<td>206</td>
<td>$15,147,215</td>
<td>$108,672</td>
<td>$15,255,888</td>
</tr>
</tbody>
</table>

- **Employee Contributions**:
  - **Principals**: 94.27%
  - **Teacher Contract**: 99.17%
  - **Secretary Contract**: 93.34%
  - **Service Contract**: 99.29%

- **Total Cost of Contract**:
  - **Principals**: 5.73
  - **Teacher Contract**: 0.83%
  - **Secretary Contract**: 6.66%
  - **Service Contract**: 0.71%
# Total Compensation Costing for Each Group

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<tr>
<th>Settled Contracts thru June 30, 2013</th>
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<th>KUSD Costs</th>
<th>Employee Contributions</th>
<th>Total Cost of Contract</th>
</tr>
</thead>
<tbody>
<tr>
<td>Educational Support Professional</td>
<td>297</td>
<td>$12,529,361</td>
<td>$491,831</td>
<td>$13,021,192</td>
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<tr>
<td></td>
<td></td>
<td>96.22%</td>
<td>3.78%</td>
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<tr>
<td>Carpenters and Painters</td>
<td>8</td>
<td>$719,272</td>
<td>$47,315</td>
<td>$766,587</td>
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<tr>
<td></td>
<td></td>
<td>93.83%</td>
<td>6.17%</td>
<td></td>
</tr>
<tr>
<td>Interpreters</td>
<td>11</td>
<td>$639,271</td>
<td>$5,466</td>
<td>$644,736</td>
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<tr>
<td></td>
<td></td>
<td>99.15%</td>
<td>0.85%</td>
<td></td>
</tr>
<tr>
<td>Miscellaneous Staff</td>
<td>50</td>
<td>$2,453,302</td>
<td>$161,397</td>
<td>$2,614,699</td>
</tr>
<tr>
<td></td>
<td></td>
<td>93.83%</td>
<td>6.17%</td>
<td></td>
</tr>
</tbody>
</table>
# Proposed Reductions By Bargaining Group

<table>
<thead>
<tr>
<th>Bargaining Group</th>
<th>Members</th>
<th>Reductions</th>
<th>Cost Savings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administrative, Supervisory &amp; Technical</td>
<td>130</td>
<td>6</td>
<td>$831,714</td>
</tr>
<tr>
<td>Teachers</td>
<td>1893</td>
<td>212</td>
<td>$173,424,232</td>
</tr>
<tr>
<td>Secretaries</td>
<td>144</td>
<td>11.5</td>
<td>$772,156</td>
</tr>
<tr>
<td>Services</td>
<td>206</td>
<td>7.5</td>
<td>$527,835</td>
</tr>
<tr>
<td>Educational Support Professionals</td>
<td>297</td>
<td>9</td>
<td>$373,896</td>
</tr>
<tr>
<td>Carpenters/Painters</td>
<td>8</td>
<td>0</td>
<td>$0</td>
</tr>
<tr>
<td>Interpreters</td>
<td>11</td>
<td>0</td>
<td>$0</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>50</td>
<td>1</td>
<td>$49,812</td>
</tr>
<tr>
<td><strong>Total Cost Reduction</strong></td>
<td></td>
<td></td>
<td><strong>$19,979,645</strong></td>
</tr>
</tbody>
</table>
Our Vision for the Future

• Equity and Increased Achievement for All Students

• A Top Performing School District in the Country

• Fiscal Responsibility to KUSD Families and Taxpayers

• Commitment to Maintaining A Quality Program and Enhance Educational Rigor and Relevance
So, There is a Balance!

There is a cost to do what we love, however, we can balance the scales by becoming more fiscally responsible!
Next Steps

• Ron Vavrik – Interim Chief Financial Officer
  • Detailed Revenue
  • Detailed Expenditures

• Leadership Council
  • Budget Assumption Details/Reductions/Rationale