FY 2018-19 BUDGET STUDY SESSION #4

May 8, 2018
Postponed from April 24 & May 1, 2018
Continued from April 3, 2018

Renee Weatherless, Executive Director of Finance
Agenda

• Budget Schedule
• Funding Formula
• Average Daily Membership
• Base Support Level assumptions
• Staffing formulas
• Budget Objectives
• Budget Priorities
FY18 Budget Schedule

✔ Jan 24 – Feb 26  Finance met with 86 Principals
  All classroom teacher FTEs were approved prior to first job fair on March 3

✔ Feb 13 – Mar 20  Finance met with 39 Departments

✔ Mar 16  Draft 2 Deseg Budget submitted

  May 4  Draft 3 Deseg Budget due

✔ Jun 26  Proposed Budget

✔ Jul 10  Adopted Budget
Revenue Control Limit (RCL) is the foundation for building the M&O Expenditure Budget Limit

- Average Daily Membership-The average number of students enrolled each day during the first 100 days.
- Support Level Weight-ADM multiplier that takes into consideration the associated cost of educating the various student classifications
- Weighted Student Count= ADM x Support Level Weight
- Base Level Amount-the funding level per weighted student count authorized by the state legislature each year
- Teacher Experience Index-funding factor for districts with higher teacher experience than state average
- Audit Services-prior year (non-federal) single audit costs
- Transportation Revenue Control Limit (TRCL) calculated using eligible students & yearly route miles
Average Daily Membership (ADM) 2009-10 to Present

Average Decline = - 2.6%

Closed 10 schools

-4.4%
-2.1%
-1.4%
-7.3%
-1.8%
-1.2%
-0.6%
-2.2%
Budget Factors

Average Daily Membership (ADM)
- FY19 ADM Assumption = 42,955* (-2%)
- FY18 ADM 43,831*
- Weighted counts decrease -1.8% to 57,908.106*

Enrollment vs ADM per A.R.S. 15-901

“Enrollment” means that a pupil is currently registered in the school district.”

"Average daily membership means the total enrollment of fractional students and full-time students, minus withdrawals, of each school day through the first one hundred days..."
Budget Factors

M&O Base Support Level (BSL)

- BSL projected to increase 1.8%
  - FY18 was $3,729.31  FY19 = $3,796.44

- Teacher Experience Index decreased -.0009 or -0.1%
  - FY18 = 1.0153  FY19 = 1.0144

Scenario:

- At +1.8% inflation, a decrease 0.1% TEI and -2% ADM
  - Total M&O & Capital Budget = (-$2,276,000)

- At +2.8% inflation + Governor’s budget increase to Base Support Level, 0.1% TEI and 2% ADM
  - Total M&O & Capital Budget = (-$83,000)
**Budget Factors**

**FY19 Budget Additions:**
- FY19 Inflation of 1.8% added to BSL  
- FY19 Teacher Salary 10% added to BSL  
- New District Additional Assistance ($95M x 4%)  
- Teacher Experience Index Reduction -0.1%  
- Avg. Daily Membership -2%*

**Add On Adjustments not available in FY19:**
- FY18 Carryover from FY17  
- FY18 1.06% Teacher Raise  
- **Net Increase to M&O & Capital Combined**

*For purposes of building a conservative budget/spending plan, a -2% reduction to Avg. Daily Membership is being used for this calculation.*
Budget Factors

Desegregation

• Per 15-910 K.7 funding remains flat to FY08-09 at $63.7M

DAA/Unrestricted Capital

• Funding reduction will continue with potential for funding to be restored over the next 5 years FY19 - FY23

<table>
<thead>
<tr>
<th>District Additional Assistance / Capital</th>
<th>Budget Page 7</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY19 Capital Allocation</td>
<td>21,310,086</td>
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<tr>
<td>DAA Reduction</td>
<td>(18,220,124)</td>
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<tr>
<td>FY19 District Additional Assistance/Capital</td>
<td>3,089,004*</td>
</tr>
<tr>
<td>$95 million restored to capital ($95M x 4%)*</td>
<td>3,800,000*</td>
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<tr>
<td>Total Capital Estimate for FY19</td>
<td>6,889,004*</td>
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</tbody>
</table>

Revised 5/8/18
M&O Staffing Formula

<table>
<thead>
<tr>
<th>Teachers</th>
<th>Ratio</th>
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<tbody>
<tr>
<td>Grade K</td>
<td>1:26</td>
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<tr>
<td>Grades 1-3</td>
<td>1:29</td>
</tr>
<tr>
<td>Grades 4-5</td>
<td>1:30</td>
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<tr>
<td>Grades 6-8</td>
<td>1:32</td>
</tr>
<tr>
<td>Grades 9-12</td>
<td>1:33</td>
</tr>
</tbody>
</table>
Budget Priorities

• Manage the District spending plan to accommodate:
  • Decreased enrollment -2%
  • Increase to classroom spending to 53%
  • Decrease to administrative spending to <9.5%

• Finance, Human Resource, Operations, Tech Services reductions ($-2,100,000)
• Expiring leases ($-4,000,000)
Budget Priorities

• Address the Minimum Wage requirements from $10.50 to $11.00  
  +$385,000  ($231k M&O)

• Address Compression resulting from Minimum Wage increase  
  +$855,000  ($513k M&O)

• Decrease Counselor Staffing ratios +15 FTE  
  +$835,000  (M&O)

• Expand Music/Performing Arts + 7.9 FTE  
  +$435,000  (Fund 013)

• Step increase for all employees  
  +$3,440,000  ($2.9M M&O)

• Bus Driver compensation  
  +$525,000  (M&O)
Budget Priorities

- 7th Period Day for PLC

<table>
<thead>
<tr>
<th>School</th>
<th>FTE</th>
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<tbody>
<tr>
<td>Booth Fickett</td>
<td>5</td>
</tr>
<tr>
<td>Dodge</td>
<td>2</td>
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<tr>
<td>Magee</td>
<td>4</td>
</tr>
<tr>
<td>Palo Verde</td>
<td>8</td>
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<tr>
<td>Secrist</td>
<td>2</td>
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<tr>
<td>Pueblo Gardens</td>
<td>1 FTE*</td>
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<tr>
<td>Catalina</td>
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<tr>
<td>Doolen</td>
<td>4</td>
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<tr>
<td>Naylor</td>
<td>2</td>
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<tr>
<td>Pistor</td>
<td>6</td>
</tr>
<tr>
<td>Valencia</td>
<td>6</td>
</tr>
</tbody>
</table>

+$2,420,000*(Deseg)
Budget Priorities

Funding Summary

Overall impact on M&O expenses (-$1,096,000)

Classroom Site Fund 013 - Menu +$435,000

Deseg +$2,420,000* (to be funded reallocated within $63.7M budget)
Budget Priorities

Additional potential priorities to be reviewed:

- Social Worker expansion to gen. ed. student population
- Exceptional Ed. Recruitment/Retention stipends
  + $600,000 $5,000 recruitment stipend for newly hired teachers
  + $540,000 $1,000 stipend retention for returning teachers
- Reinvigorate libraries with books, periodicals, and instructional materials
  + $250,000 to be reallocated from existing capital budgets