

Tucson Unified School District #1

FY 2015 Proposed Budget

June 24, 2014



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Agenda

Arizona School Finance Program

FY2015 Budget Update

Budget Objective & Timeline

Budget Development/Considerations

Budget Expenditures

Sources of Revenue

Arizona School Finance Program - Regulations

ARIZONA REVISED STATUTE (ARS) TITLE 15

- **Rules Established by the Arizona Legislature**
- **Title 15 Refers to Education**
- **Sections 15-901 to 15-1241 Refer to School Finance**

UNIFORM SYSTEM OF FINANCIAL RECORDS (USFR)

The legislature has required that the Arizona Department of Education and the State's Auditor General interpret Title 15 and design the State's Uniform System of Financial Records (USFR) which is used in maintaining local school district financial records and preparing reports.

Arizona School Finance Program- Documents

In the State of Arizona, there are a number of forms which provide some uniformity in the manner that financial information is presented and submitted to the Arizona Department of Education.

EXPENDITURE BUDGET

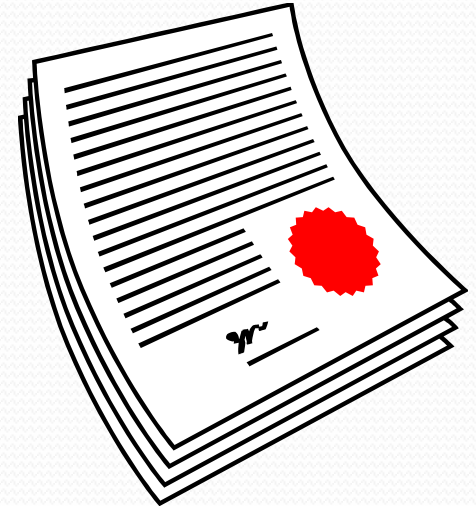
- Proposed by July 1st of the fiscal year
- Adopted by July 15th of the fiscal year (public hearing required)

REVISED EXPENDITURE BUDGET

- Completed by December 15th and/or May 15th

ANNUAL FINANCIAL REPORT

- (Completed by October 15th)



FY2015 Budget Update – State

Maintenance & Operation

Fund 1.4% Base Level for Inflation

Base Level \$3,415.27

Transportation 1.4% per mile increase to \$2.49

District Additional Assistance Fund / Unrestricted Capital

Fund at current level but continue State reduction– approx 60%

Prop 301 Funds–Classroom Site Fund

Decrease from \$310 to \$295 per weighted ADM

Student Success Funding

\$41 Million Statewide but 54% reduction already in place = \$21.5M
funds are allocated in relation to a district's achievement profile,
improvement category, and high school graduation rate

Prop 301 Inflation adjustment

Guaranteed 2% Per Year to Base Support Level or % Change In GDP Price Deflator whichever is less

Increase base level or other components of the Revenue Control Limit (pupil transportation)

No Inflation adjustment until 2014

Year	Inflation	Increase
FY 2011	0.9%	0
FY 2012	1.3%	0
FY 2013	2.0%	0
FY 2014	1.8%	1.8%
FY 2015	1.4%	1.4%

FY2015 Budget Update - TUSD

Maintenance & Operation Fund

ADM Decrease 1,500 Students (Group A)

ADM Decrease 280 Students (Group B)

Desegregation Funding stays at current level

TOTAL PROJECTED M&O REDUCTION = \$3.1M

*Numbers based on 100th day ADM – subject to change

FY2015 Budget Update -TUSD

Prop 301 Funds–Classroom Site Fund

Decrease in Legislative funding -\$310 to \$295 per ADM

Decreased enrollment

TOTAL PROJECTED CSF REDUCTION = \$2.1M

District Additional Assistance

Decreased enrollment

Decreased Legislative Funding(Allocation \$22,691,811–Reduction \$13,947,483 (61.5%))

TOTAL PROJECTED DAA REDUCTION = \$13,947,483

Student Success Funding

\$1.6M allocation reduced to 54% of total = \$915,000

*Numbers based on 100th day ADM – subject to change

FY2015+ Budget Objectives

- Eliminate the projected budget deficit
- Implement changes in Staffing Model – priority 1:27 Teacher to Student ratio
- Meet the requirements of the Desegregation Order
- Focus on shifting more \$ and resources into the classroom / reduction of budget allocations in non-instructional areas with less accountability
- **Improve the budget process by having Finance coordinate collaboration among all program areas to ensure that the limited resources are spent effectively and efficiently**
- **Revise budget process/timeline for ERP Implementation**
- **Align budget with recommendations of Curriculum/ Efficiency Audits & District Strategic Plan**

FY 2014-2015 - School Staffing Formula

Due to decreased enrollment (approx. 1,600 students), the District should have eliminated 60-85 teaching positions.

- 1:32 Standard = 1,604 Teachers
- 1:27 Standard=1,799 Teachers
- Difference 195 FTE

FY2015 Budget Timeline

Date(s)	Action
April – May	Finalize school, department, and the USP budgets
May 13	Present USP Budget timeline to Governing Board
Late May	Finalize budgets; present USP Budget to Parties / Special Master
May 27	Present budget update to Governing Board
Early June	Prepare budget upload for the State and review feedback from the Parties / Special Master on the USP Budget
June 10	Present budget update to Governing Board (including initial feedback, if any, from the Parties / Special Master)
Mid-June	Finalize USP Budget (taking into consideration feedback from the Parties / Special Master)
June 24	Present District proposed budget to Governing Board for approval
July 8	Present District budget for adoption. Plaintiff and/or Special Master recommendations not included in the final USP budget will be separately provided to the Governing Board for consideration

Plaintiffs or the Special Master may file objections with the Court within ten days and the Court shall resolve the objections on an expedited basis.

Budget Development - Considerations

- **Vision and Mission of the District**
- **State and Federal Mandates**
- **Budget Limit Restrictions**
- **Impact of Student Counts**
- **Limited Funding Increase**
- **Salary Increases**
- **Health Insurance Costs**
- **Personnel Needs**
- **Special Education Needs**
- **State and Federal Grants**
- **Special Program Needs**
- **Classroom Needs**
- **Class Sizes**
- **Staff Development Needs**
- **Transportation Costs**
- **Food Service Program Match**
- **Utility Costs**
- **Technology Needs**
- **Capital Equipment Needs**
- **Supply Needs**
- **Textbook Needs**
- **Risk Insurance/Safety Needs**
- **Facility and Maintenance Needs**

FY2015 Expenditure Budget

The Expenditure Budget contains categories from which school districts can expend monies. These categories (funds) fall into these major classifications:

- Maintenance & Operation
- Classroom Site Fund
- District Additional Assistance Fund
- Special Revenue Funds (Federal/State Projects)
- Instructional Improvement Fund
- Other Funds
- Internal Service Funds

Maintenance & Operation Fund Page 1, Line 30

FY2014 M&O Revised Budget Limit	\$243,913,000
FY2015 M&O Proposed Budget Limit	\$239,254,404
Difference -1.9%	-\$4,658,596
FY2014 M&O Deseg Revised Budget Limit	\$60,711,047
FY2015 M&O Deseg Proposed Budget Limit	\$60,711,047
Difference	\$0
FY2015 Total M&O Proposed Budget Limit	\$299,965,451

The Maintenance & Operation Budget is the budget where much of the day to day expenditures take place. Typical expenditures include salaries, benefits, supplies, utilities, maintenance & repair, and other miscellaneous expenditures which are not of a capital nature.

M&O fund includes K-3 Move on when Reading funding \$1.9M

USP Budget

ACCOUNT DESCRIPTION	FY2013-2014	FY2014-2015	DIFFERENCE
Project 1 Personnel	526,296	413,401	(112,895)
Project 2 Student Assignment	8,409,810	10,588,102	2,178,293
Project 3 Transportation	8,612,937	9,337,929	724,992
Project 4 ALEs	5,875,365	5,555,024	(320,341)
Project 5 Achievement Support	8,956,716	7,872,136	(1,084,580)
Project 6 Inclusive Environments	4,657,203	3,153,694	(1,503,509)
Project 7 Discipline & ECA	2,025,082	1,938,694	(86,388)
Project 8 Family Engagement	722,548	677,557	(44,990)
Project 9 Facilities Access	819,755	1,774,985	955,230
Project 10 Technology Access	547,013	588,000	40,987
Project 11 General Administration	8,423,740	8,100,715	(323,025)
Project 12 Prof. Development	1,961,408	1,943,291	(18,117)
Project 13 Monitoring/Reporting	1,410,065	1,950,878	540,813
Project 14 ELL /OCR	10,437,535	9,350,874	(1,086,661)

Budget is still under review and subject to revision

USP Budget – FY2015 Major Changes

- **Direct charges to departments/sites**
- **Contingency doubled** (ALE, Dropout, Family Plan)
- **Transportation increased ~\$2M** (Fuel, ExtracurricPlan)
- **Achievement Support reduced ~\$1M** (Fine Arts, 1:27)
- **Inclusive Environments reduced ~\$1M** (PD, 1:27)
- **Facilities Access increased by ~\$1M** (FCI)
- **Monitoring/Reporting increased by ~\$500K**
(EBAS, Student Information / Data Systems)
- **ELL/OCR reduced ~\$1M**
(Dual-Language now an ALE)

Budget is still under review and subject to revision

Classroom Site Funds-Prop 301 Page 3, Line 40

FY2014 Revised Budget		\$24,607,838
FY2015 Proposed Budget		\$26,072,353
Difference	+5.9%	\$1,464,515

All monies must be spent in accordance with the district's approved Prop 301 Plan

Fund 011 = 20% <u>Teacher Base Pay</u>
Fund 012 = 40% <u>Teacher performance payment</u>
Fund 013 = 40% <u>Other</u>

District Additional Assistance Fund Page 4, Line 10

FY2014 Revised Budget		\$22,070,439
FY2015 Proposed Budget		\$13,246,328
Difference	-40%	-\$8,824,111

District Additional Assistance (prev. Unrestricted Capital) is the Level of funding which the District may utilize for Capital purposes. Typical expenses include Furniture, Land & Building Improvements, Vehicles, Furniture & Equipment, Technology Equipment, Capital Leases (Equipment, Transportation)

The District solely relies on this fund for Textbooks, Library Books and Instructional Aids due to the elimination of the Soft Capital Fund

Special Projects-Federal & State

Page 6, Line 30

FY2014 Revised Budget		\$65,943,984
FY2015 Proposed Budget		\$66,770,000
Difference	+1.25%	\$826,416

Federal & State Projects The majority of these funds are administered through the Arizona Department of Education available to School Districts via an application process (Require eligibility and strict compliance)

Instructional Improvement Fund Page 6, Line 5

FY2014 Revised Budget	\$2,500,000
FY2015 Proposed Budget	\$2,500,000
Difference	\$0

This fund is similar to the Classroom Site Fund – however, revenues determine Budget total. No revenue projections are provided by the State. Fluctuations in district projected revenues will cause an increase or decrease in Budget Total.

Monies are used in accordance with A.R.S.15-979
(to fund Full Day Kinder Program)

Other Funds

Page 6, Lines 1-37

FY2014 Revised Budget			\$122,309,500
FY2015 Proposed Budget			\$85,524,500
Difference			-\$24,685,000
ADJUSTMENTS:	FY2014	FY2015	Difference
Student Success	\$0	\$915,000	\$915,000
Debt Service	\$48,400,000	\$22,800,000	-\$25,600,000
Bond Building	\$12,100,000	\$0	-\$12,100,000

Other Funds - Special Revenue Funds serve a specific purpose determined by the USFR whose budget is controlled by cash flow

Internal Service Funds

Page 6, Lines 1-4

FY2014 Revised Budget	\$36,300,000
FY2015 Proposed Budget	\$36,300,000
Difference	\$0

Internal Service Funds

Funds used to account for the cost of providing certain goods and services within the district whose budget is controlled by cash flow.

Funds Include:

Employee Insurance (Premiums collected from ER&EE to pay Insurance Trust), Printshop Services, Intergovernmental Agreements

Budgeted Expenditures - All Funds

FY2014 Revised Budget	\$578,355,408
FY2015 Proposed Budget	\$530,378,632
Difference	-\$47,976,776

Revenue Sources

- State & County Equalization – 37%
- Local Levy – 61% (Tax Rate)
- Other – 2%

TAX RATE FACTORS

- State Qualifying Tax Rate change
- State Aid Rollover (reduction of cash available to reduce the tax rate)
- Fluctuations in home values and Districtwide Assessed valuations
- Decline in Student Enrollment
- State Aid Reduction- reduces the cash on hand

Revenue Sources

Projected Tax Rate	2014	2015
Primary Tax Rate:	6.0056	6.7370
Secondary Tax Rate	1.4263	0.7519
Total	7.4319	7.4889

FY2014 Budget Update

Maintenance & Operation	FY2014
Revised Budget	244
Expenditures as of May 2014	233
Total Projected Expenditure	6.5
Projected Budget Balance	4.5

** Figures are in Millions*

FY2014 Budget Update

District Additional Assistance	FY2014
Revised Budget	22
Expenditures as of May 2014	15
Total Projected Expenditure	5
Projected Budget Balance	2

** Figures are in Millions*



QUESTIONS

Thank you