

**GOVERNING BOARD AGENDA ITEM  
AMPHITHEATER UNIFIED SCHOOL DISTRICT NO. 10**

**DATE OF MEETING: March 30, 2010**

**TITLE: 2010-2011 Budget Development – Discussion of K-12 Budget Realities for Amphitheater; Discussion and/or Direction Regarding Expenditure Reductions; Discussion of Scenarios with and without Passage of Prop 100 (AMENDED 3-26-10)**

**BACKGROUND:** Since the Governing Board's budget development study on March 9, 2010, the state education budget for next fiscal year was finalized and signed into law by Governor Brewer. (49<sup>th</sup> Arizona Legislature, Seventh Special Session, HB 2008).

The end result of HB closely resembles the budget proposal information studied on March 9 and reflects "this or that" scenarios -- the first of two scenarios assuming passage of passage of Proposition 100 on the May ballot, and the second scenario reflecting the outcomes if the ballot measure fails.

These alternative scenarios can be summarized as follows:

If Prop 100 Passes		If Prop 100 Fails	
Budget Cut	Amphi Impact	Budget Cut	Amphi Impact
80% cut to soft capital	\$2,686,862	80% cut to soft capital	\$2,686,862
All Day K funding loss	\$2,638,158	All Day K funding loss	\$2,638,158
No Building Renewal	\$5,712,373	No Building Renewal	\$5,712,373
Grant Reductions*	\$ 942,000	Grant Reductions*	\$ 942,000
Reduced 301	\$1,934,000	Reduced 301	\$1,934,000
		Final 20% Soft Capital	\$ 671,716
		Unrestricted Capital**	\$3,892,482
<b>Total Reductions</b>	<b>\$11,979,393</b>	<b>Total Reductions</b>	<b>\$16,543,591</b>
* Anticipated, but not yet implemented through finalized budget actions.			
** Affects maintenance and operations programs			

It is important to note that the figures reflected involve and affect different funding sources. Reductions to the affected funds therefore generally require reductions in current expenditures under those affected funds. The District is not allowed to incur debt, with the exception of school construction bonds, and must otherwise balance its budget.

As Governing Board members will recall, necessary budget reductions totaling \$1,595,056 were made for the current fiscal year due to budget cuts imposed by the

legislature last year. Approximately half of these reductions came from cuts to central administrative functions, affecting all levels of the administration.

Apart from state-imposed budgetary reductions, the District also had to reduce staffing and non-staffing allocations for this year due to declining enrollment – a reality predicted by the 2007 Applied Economics Growth Study commissioned by the Board. While these reductions were not required due to legislative budget cuts, their combined impact with those of legislative origin certainly affected operations of the District.

Thus, it is nothing short of alarming to consider the scale of public school reductions now made reality by the legislative budget for next fiscal year – let alone the potential reality if Proposition 100 revenues are not secured.

This item will enable the Board to continue its discussion of the 2010-2011 budget, to include necessary reductions in expenditures by funding source.

As previously discussed, many people have difficulty comprehending the relative impact of a budget cut of more \$6,000,000 or more for a school district of Amphitheater's size. We have previously offered numbers which provide some scale and perspective, including the fact that \$6,580,158 in lost District maintenance and operations funding could be considered equivalent to:

- 165 full time employees with compensation of \$40,000 per year; or
- Approximately 4.6% of the district's entire payroll in the current fiscal year; or
- Turning off all the lights, heating and air conditioning in all District facilities... for a year and a half.

These numbers, as well, have little meaning. They are merely examples. More importantly, the task of estimating potential impact is no longer relevant. The legislature has now made very clear cuts to our District budget, and we must identify specific budget reductions.

The Superintendent has initiated a district-wide process to solicit the input of staff on these issues; the Superintendent will be reporting to the Governing Board on the outcome of that process during discussion of this item.

In addition, the joint meet and confer teams (for compensation) are set to meet on March 29 and 30 to discuss potential impact of the budget on employee related expenditure levels. (Approximately 86% of the District's entire maintenance and operations budget is spent on the employment of staff required to implement programs and services, so employee expenses are the single greatest component of the budget).

It is anticipated the Governing Board will receive information concerning a recommendation from the Meet and Confer Committees on March 30, 2010 as well;

this annual recommendation is an important factor for the annual consideration and development of the District's budget. Thus, information concerning the meet and confer process outcome will be presented on March 30 during discussion of this item.

It is important to note that the realities of this year's budget require a timely and decisive recommendation from the meet and confer process. The state of the budget is clear – perhaps clearer than it has been in several years. The meet and confer recommendations will hopefully offer two different recommendations (one which assumes passage of Prop 100 and one which assumes failure of Prop 100) so that the District and its employees can be prepared and informed as soon as possible what the impact will be. And, whatever the recommendation is, it will need to be considered by the Board on April 13. Additionally, if no recommendation is forthcoming by that time, Board action will have to proceed by the date based on the best information and input available at that time.

Accordingly, this continuing discussion of the budget and the issues it presents will be followed by an action item on April 13 and others as required.

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**RECOMMENDATION:** This item is presented for the Board's consideration, information and direction.

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INITIATOR:

  
Signature

Todd A. Jaeger  
Associate to the Supt. 3/26/2010  
Name/Title Date

ASSOCIATE SUPERINTENDENT  
SIGNATURE:

SUPERINTENDENT SIGNATURE:

