



**EXECUTIVE SUMMARY  
FOR THE SHOREWOOD SCHOOL BOARD**

**Topic:** Budget Assumptions Review

**Date:** March 9, 2021

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**Recommended action:**

- Information only
- Presentation/discussion
- Discussion/action by board of education
- Presentation/action next meeting

**Purpose:** Review recommended assumptions to be used to prepare the preliminary budget for 2021-22 and set parameters for creating fiscal capacity for future years.

**Background:** Under current school finance regulations the district’s level of staffing for delivery of educational programs is not sustainable. Further, the current circumstance eliminates available resources to address other outstanding issues in the next or future years. The following chart is a summary of the 5-year revenue limit based on the 75% of Students Return Scenario.

Scenario	2021 2022	2022 2023	2023 2024	2024 2025	2025 2026
75% of Students Return					
Projected revenue limit change	(686,105)	(652,853)	(1,186,316)	(446,743)	(119,391)
Projected fund balance	5,638,847	5,315,823	3,8013,385	1,848,774	(224,368)

The following narrative is to communicate recommended assumptions with an emphasis for next year, but keeping in mind needs in the subsequent 3 to 5 years. As new information regarding financial resources, staffing or enrollment comes forward, assumptions may be modified.

Enrollment

For purposes of projecting revenue, the preliminary budget will be based on the assumption that 75% of the students lost between 2019-20 and 2020-21 will return in 2021-22. In addition, the district will enroll an additional 48 non-resident students under the open enrollment program. For purposes of initial staffing, the preliminary budget will be based on the scenario of a 100% return of students plus the additional 48 open enrollment seats.

Generally, the same enrollment scenario would be used for both revenue and staffing. The current circumstance requires the modification described above to ensure adequate staff for the maximum number of students. Because of the current teacher shortage, it is not prudent to wait until a more solid enrollment number is known to make final hiring decisions. In the unlikely event the district has more teachers than required, the excess staff could be assigned other duties, such as permanent substitute.

Revenue (net change of approximately \$886,000)

The preliminary budget for the next and future years will assume that per pupil revenue limit will increase \$100. A revenue limit per pupil increase will have an immaterial impact on overall limited revenues due to the interaction of the various hold harmless provisions in the current formula. For example, under the three scenarios the change in the amount of loss in the revenue formula is only \$8,700.

<b>Per Pupil Change</b>	<b>2021-22 Projected Revenue Limit</b>	<b>2021-22 Change from 2020-21</b>
\$0.00	\$23,249,708	(\$245,730)
\$100.00	\$23,255,508	(\$239,930)
\$150.00	\$23,258,408	(\$237,030)

Other revenue changes:

1. A one-time receipt of \$560,000 in ESSER funding (the district will receive more than this amount, but will need to allocate a portion to St Roberts). If permitted, 75% will be used to reimburse for expenditures already incurred with the remaining 25% used for new expenses incurred in 2021-22. Additional ESSER funding may become available, depending on federal action.
2. Special education aid reimbursement will increase from the current 28.9% to 35% in 2021-22 and 40% thereafter.
3. The per pupil categorical aid will remain unchanged at \$742.
4. The district will receive an additional \$397,200 dollars for the approved 48 additional open enrollment seats. The per pupil amount for open enrollment students will increase \$150 each year, from the current level of \$8,125.
5. Reduction of \$25,000 in student and course fees.

Expenditures (net change of approximately \$410,000)

1. Staffing
  - a. General education staffing will be based on the 100% return of students calculation.
  - b. Through the increase of special education support being integrated into classroom instruction, the following recommendations are provided:
    - i. Two special education teaching positions will be eliminated through attrition for savings of \$160,000.
    - ii. Two to four special education aide positions will be eliminated through attrition,
    - iii. Four to six general education aide positions will be eliminated through attrition, for a projected savings of \$120,000.
  - c. Costs for the Director of Equity will be fully absorbed in the general fund budget, at a cost of \$87,500.
  - d. Costs for 25% of the athletic director will be moved from community services to the general fund, a cost shift of \$49,650.
  - e. Other staffing related costs charged to community services will be moved to the general fund over the next 3 years.
2. Personnel Costs
  - a. General wage increase of 1.23%, for projected cost of \$215,860. This same increase applies to FICA and WRS, for a projected cost of \$30,760. This includes cell increases for the teacher salary schedule.

- b. No step increase for teachers, for a savings of \$82,500. This can be reassessed as the state budget is completed and allocations are confirmed.
  - c. Teachers will be given lane changes, for an estimated cost of \$50,400 plus FICA and WRS.
  - d. Health insurance premiums will increase 7.5%, for projected cost of \$200,000. Potential changes in benefit structures will be considered to mitigate the impact of the premium increase.
3. Utilities
- a. Utility costs will increase 2.5%, an increase of \$12,730.
  - b. Separate meters will be installed in the production kitchens to allow for allocation of utilities to the food service department.
  - c. Utility costs charged to community service will be eliminated starting in 2022-23.
4. Other
- a. School level allocations will be modified slightly based on projected changes in enrollment, using the 100% enrollment change scenario and historical spending trends.
  - b. Department allocations will be modified only to the extent necessary to continue to move to on-line storage of records and possible new Enterprise Resource Programs (ERP).
  - c. Additional \$10,000 funding will be provided to the Equity Office to allow for purchase of materials, professional learning, etc.
  - d. The use of leases for the acquisition of technology will be converted to direct purchases. This change will require some additional resources in 2021-22 but see a reduction in subsequent years.