

**School Board Meeting/Workshop Date:**

**May 28, 2019**

**Subject:**

2019-20 and 2020-21 Proposed  
Budget Reductions

**Presenter:**

**Dr. Scott Thielman,  
Superintendent  
Gary Kawlewski, Director  
Finance and Operations**

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**SUGGESTED SCHOOL BOARD ACTION:**

Discussion only

**DESCRIPTION:**

At the April 22, 2019 Board meeting, we presented a recap of the financial forecast for the 2019-20 through 2021-22 fiscal years. As a part of that discussion, we indicated that we would need to bring forward a proposal for budget reductions to bring our budget in line with our fund balance policy for 2019-20 and 2020-21.

We have included a graph and a short history of the series of events that have led to the need for budget reductions. The District cut approximately \$3.3 million in the 2008-09 and 2009-10 fiscal years. The District received some one-time federal assistance in 2011 and in 2012. We started using the Other Post-Employment Benefits Trust in 2013 thus shifting an average of \$725,000 out of the general fund annually. We also had received Local Option Revenue and Board authorized levy authority in 2015. We have been able to bring back a number of staff with the additional resources we have received over the last few years. We were also able to build the fund balance up to nearly 18% in the 2014-15 fiscal year. Since that time, the District has been intentionally spending the fund balance down to maintain class sizes and existing programs. We also knew that we would only be able to sustain that effort until we reached the fund balance policy of 8%. Our budget forecast indicated that we would need to generate additional resources for 2019-20 and beyond or we would need to make expenditure reductions to stay within the budget policy. To that end, we placed an operating referendum question before the voters in November of 2018. That revenue would have been available to us in the 2019-20 fiscal year. Unfortunately, the election was not successful.

A task force of administrators including the superintendent, principals from each grade level, and the Directors of Finance and Operations, Teaching and Learning and Human Resources explored options for budget reductions for the 2019-20 fiscal year. We presented the proposal for the 2019-20 fiscal year at the April 22<sup>nd</sup> board meeting and a

recap of the 19-20 budget reductions is attached to this document. The total amount of budget reductions for 2019-20 is \$1,375,000. A summary of the reductions is as follows:

- A reduction of 15 teaching staff
- Reductions in curriculum purchases
- Reductions in supply budgets across the district
- Reduction of one clerical position
- Reductions in postage, legal fees, tuition and utility costs
- Increases in activity and gate fees

A larger task force composed of members of the initial task force, three board members, the high school activities director and the district controller met to develop a list of recommended reductions to present to the Board for review and approval for the 2020-21 fiscal year. The Board met twice to review and, ultimately, approve the attached listing of proposed reductions for the 2020-21 fiscal year. A summary of the attached list of proposed reductions is as follows:

- Reduction of 22 teaching positions
- Closure of Discovery Elementary School
- Closure of the Phoenix Learning Center
- Closure of the wRight Choice program
- Elimination of the Quest program and the Gifted and Talented coordinator position
- Reductions in office staff, Education Support Professional, custodians and administration
- Elimination of middle school activities
- Elimination of 6 activities at the high school
- Further increases of activity and gate fees
- Increase in parking fees at the high school
- Further reductions in curriculum purchases

In addition, we are projecting that our overall fund balance will decrease by approximately \$2.8 million for the 2019-20 fiscal year inclusive of the proposed reductions. We are also projecting that our overall fund balance will decrease by approximately \$1.1 million for the 2020-21 fiscal year inclusive of the proposed reductions. The Board has also decided to move the fund balance policy for 2019-20 down to 7% and down to 6% for 2020-21.

We have hosted a number of staff presentations to communicate the above information. In addition, the latest edition of the *Insider* will be going out the week of May 27, 2019 to staff and district residents. We will also be conducting an online survey of district staff and residents over the next several weeks. Based on those results, the Board will discuss the possibility of conducting another operating

referendum election in November of 2019. If an election were to be successful, that additional revenue would be available to the district for the 2020-21 fiscal year.

The proposed reductions for 2019-20 will be included in the 2019-20 budget presented to the Board for adoption at the June 24, 2019 regular board meeting.

**ATTACHMENTS:**

- Unassigned fund balance history 5.20.19
- 19-20 Budget Modifications 5.20.19
- 2020-21 Proposed Budget Reduction 5.22.19