

2013-2014 Preliminary Budget

Historical Information:

Board Approved Budgets

2010-11 Budget: \$85.8m

2011-12 Budget: \$83.9m

2012-13 Budget: \$84.9m

2013-2014: Proposed Budget: \$93.7m

Next year (\$93.7m) compared to this year (\$84.9m) = \$8.8m increase in expenses from last year....

Why?

Additional Expenses for 2013-14:

- Salaries increased by \$1.9 million
- PSERS contribution increased by \$2.9 million
- Special Education costs up \$250,000
- Cyber Costs (previously omitted in prior budgets) will be over \$1 million
- 2 major initiatives: Textbook purchases (K-5 science, social studies = \$500,000) and technology upgrades (\$465,000)
Total = Over \$7 million in added expenses
- Additional 1.8 million is found in a variety of supplies, resources, trips, athletics, etc.

No increase in revenue for next year.

*Need \$8.8 million in cuts to balance
budget (with no tax increase) –
Where do we get this?*

Fixed Expenses: \$93.7 m

- Salaries = 46% of total budget
- Benefits = 23% of total budget
- Debt Service = 9% of total budget
- Transportation = 3% of total budget
- Utilities = 2% of total budget

- Total Fixed Spending = 83% of budget (\$77m)
- Total Discretionary Spending: 17% (\$16m)

Summary: Need to make \$8.8 million in cuts from \$16 million of discretionary (controllable) spending

Cuts will affect programs, staff, and students

Identified Sources:

- Building/Department Supplies Cuts (\$225,000)
- Technology Hardware Initiatives (\$543,000)
- Curriculum Initiatives (\$1.3m)
- Staffing: Attritional/Realignments (\$1.6m)
- Travel: No field trips, conferences (\$322,000)
- Non-educational spending/Miscellaneous (\$163,000)

- Total = \$4.1m
- \$8.8-\$4.1m= \$4.7m still needed

Decisions Moving Forward:

- Tax Increase (\$900,000)
- Reduce Support Staff
- Reduce Central Office Staff
- Eliminate Extracurricular Programs
- Restructure Middle Schools
- Eliminate Elective Programs K-12
- Close Building(s)

Unprecedented Times: “How did we get here?”

- District has used Fund Balance to balance budget for the last 5 years (total of \$6.7m)
- In last 5-7 years, expenses have continued to rise, revenues have stayed neutral
- In the last 7 years, District has raised taxes only twice (missed limited revenue opportunities)
- District PSERS contributions have increased (\$3.8m) over the last 3 years
- Poor budgeting directives highlighted in recent audit
- Superintendent/Business Manager Position Transience: Last 8 years, MTSD has had 5 different superintendents and 5 different business managers
- Other Districts have cut programs and staff – we have maintained or minimally reduced
- Situation the same for 2014-15: We will be here again talking about \$6-7 million in additional expenses to budget

What's Next?

- Proposing another Finance Committee meeting April 8th or 10th for approval of administrative recommendations to reduce expenses (short timelines)
- Need to develop a short/long term strategic financial plan to address the future
- Plan will need to include combination of tax increases, staff/program reductions, and school closings

Comments or Questions?