

# Financial Advisory Committee Recommendations

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A Board of Education Overview

December 11, 2008



# Setting the Context

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- Charge: to provide necessary input to the Superintendent to make recommendations to the Board of Education regarding budget balancing strategies.
- The primary task of the FAC in this planning process:
  - *To review the five year financial forecast and projected general fund deficit projections and fund balances*
  - *To review and evaluate the Superintendent's staff budget balancing strategies*
  - *To advise the Superintendent on needed additional resources and reductions/efficiencies to balance the budget through 2012/2013*

# Timeline

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- Initially convened in 1996 to study school finance and its impact on LPS
- Existing Committee expanded with new members to represent additional perspectives
- Began current meetings on September 11, 2008
- Recommendations completed on November 5, 2008
- Report completed November 17, 2008

# Membership

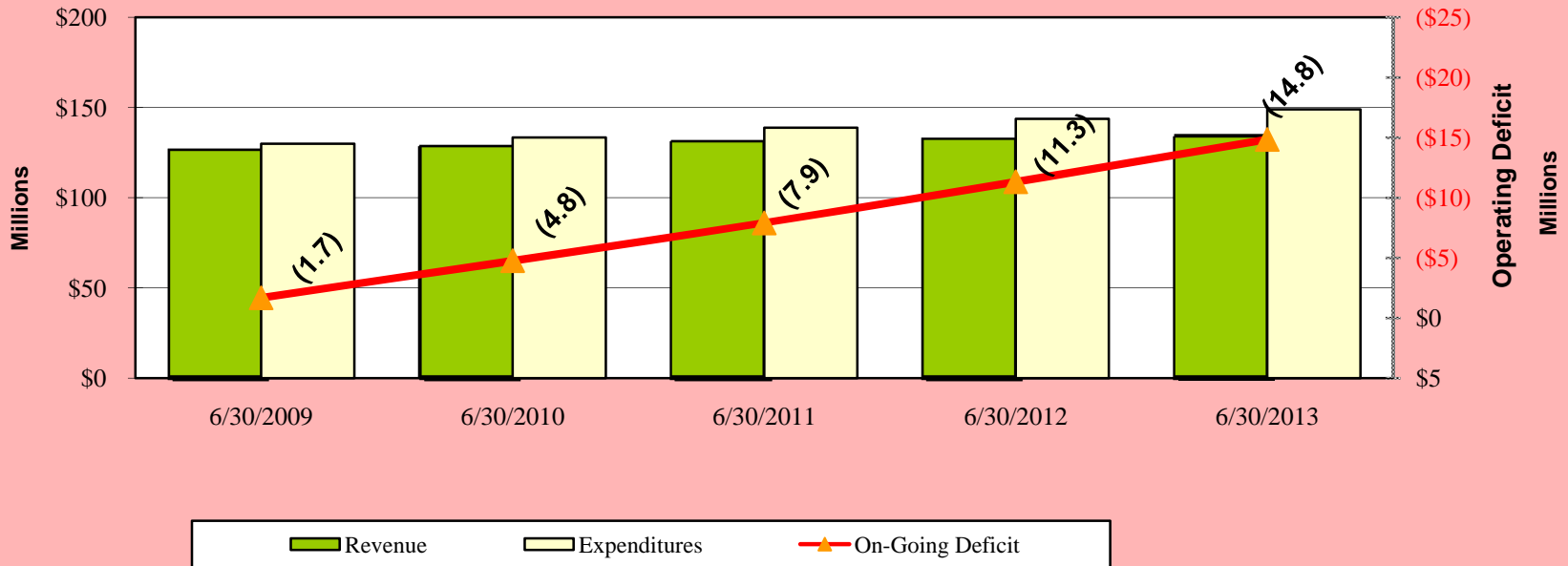
(representing community and staff)

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- Holly Biggers
- Rick Bruno
- Barbara DeSpain
- Debbie Goldstein
- Harry Grainger
- Donna Holstlaw
- Lucinda Hundley
- Kathy Kennedy-Tuchfeld
- Peg LaPlante
- Dan Maas
- Sonni Marbury
- Ken Moritz
- Scott Myers
- Amy Oaks
- Kelly Perez
- Terry Petrie
- Jim Stephens
- Carrie Warren-Gully
- Pat Wojahn

# Financial Background: Forecast

REVENUE, EXPENDITURES AND  
ON-GOING DEFICIT



# Financial Background: Factors

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- Declining enrollment and impact of funded pupil count averaging
- PERA employer contribution percentage increases
- Health care costs forecasted increases
- Employee competitive compensation
- Interest rates falling - specific ownership taxes depressed
- Utility and fuel costs rising
- Unfunded mandates

# Committee Process

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## Set values:

- Providing students with comprehensive education at all levels.
- Maintaining programs at effective and efficient levels in order to assure student learning
- Embracing community expectations around financial responsibility
- Approaching budget reductions with multi faceted strategies
- Keeping budget reductions away from the classroom as possible
- Operating year to year with a budget balanced within available and allocated resources
- Obtaining multiple sources of input in the budget reduction process
- Implementing all viable budget reduction strategies while looking to outside sources for new revenue
- Expecting that enterprise programs (for example, food services, school age child care) be self-supporting

# The work consisted of...

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- Reviewing LPS financial information
- Concluding that a \$4 million deficit will exist in the 2009/2010 fiscal year
- Reviewing historical District staffing and budget reductions and subsequent budget restorations
- Reviewing historical staffing practices and research to support those decisions
- Reviewing historical weighted staffing formulas
- Reviewing administrative costs compared to other districts
- Preliminary review of transportation costs

# The FAC work continued...

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- Review of the historical role of financial advisory committees in LPS
- Reviewing examples of short and long term budget reduction and revenue generating options proposed by the Superintendent's Expanded Team
- Having extensive discussion centered around services for at-risk students
- Concluding that all possible budget reductions must first come from sources outside of classroom
- Recommending that the District can best determine how to allocate and deliver services
- Continuing to stress importance of instructional supports for not only the students in greatest need, but for all students
- Developing short and long term recommendations

# General Recommendations...

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- Implement non-personnel budget reductions as first priority, to the greatest extent possible
- Implement ESC reductions, recognizing that ESC has already made \$1.5 million in budget reductions
- Implement personnel reduction options, with emphasis on keeping the cuts as far from classroom as possible, minimizing impact to at-risk students to the greatest extent possible. Keep equity and access for all students as a priority

# General Recommendations Continued...

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- Implement revenue generating strategies, as possible, to offset budget reductions
- Maintain annually a balanced budget, avoiding use of undesignated reserves if possible
- Actively pursue financial resources at local, state and national levels possibly pursuing a mill levy election in future
- Implement longer term recommendations, for both cost savings and revenue generation

# Specific Recommendations for 2009-2010 Budget Reductions/Revenue Generation

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- Adjust Heating and Cooling Temperature Ranges and Times \$ 60,000
- Reduce Rate of General Fund Expenditure Growth by 1% \$1,100,000
- Make Further ESC Reductions \$ 300,000
- Implement Transportation Fee \$ 70,000
- Reduce General Fund Transfer to Athletic Activity Fund by 10% \$ 160,000

# Specific Recommendations Continued...

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■ Raise Fees for Musical Instrument Rental	\$ 40,000
■ Shift Payroll Date from 20 <sup>th</sup> of Each Month to End of Month	\$ 70,000
■ Invest TABOR Reserves	\$ 50,000
■ Reduce School Supply Allocation \$5/student	\$ 71,000
■ Implement Support Point Sliding Scale	\$ 100,000
■ Reduce Site Non-Weighted and Weighted Staffing Points	\$1,979,000

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**TOTAL**

**\$4,000,000**

# Long Term Reductions/Efficiencies...

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- **Conduct Analysis of Transportation Efficiencies**  
*(ridership, routes, qualifying distances, etc.)*
- **Reduce and/or Eliminate Existing Programs**  
*(i.e. strategic abandonment)*
- **Explore Efficiencies in Scheduling at the Secondary Level**
- **Continue to Investigate What Can be Outsourced**
- **Increase Student Enrollment in Alternative Education Programs without Increased Staffing**

# Long Term Reductions/Efficiencies Continued...

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- **Create “Just in Time” Deliveries**
- **Shift Payroll Date from 20th of Each Month to End of Month**  
*(subject to negotiations)*
- **Revisit how School Supply Budgets are Allocated**
- **Explore the Benefits and Potential of any Early Retirement Option**
- **Explore Options for Risk Management**  
*(feasibility study to compare options)*

# Long Term Revenue Generating Recommendations

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- **Sell Ad Space on District Property**

*Follow up to 1995 study, including potential advertising on virtual property*

- **Implement Marketing Program**

*Continue to explore marketing options, to increase enrollment, in coordination with others*

- **Pursue Funding for Unfunded Mandates**

*Continue this effort, building coalitions with others*

# Long Term Revenue Generating Recommendations Continued...

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- **Pursue Mill Levy Election**

*Explore with community; urge District to operate within existing budget parameters for as long as possible, maintaining balanced budget; to resist asking for full amount available if pursuing a mill levy to extend future potential*

- **Seek Business Partnerships**

*Continue this effort, exploring other opportunities*

# And Finally...

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- Reconvene the FAC to continue the work to address budget balancing strategies through 2012/2013
- Closely examine all opportunities to realize cost savings through use of technology and other resources such as community and business partnerships
- Closely examine all ongoing expenditures and seek solutions so that costs will not outpace Colorado School Finance Act funding and other current funding sources