



To: Board of Education
 From: Daniel A. Nerad, Superintendent
 Date: May 31, 2012
 Subject: 2012-13 Comprehensive Budget Recommendations

APPENDIX NNN-12-7
June 25, 2012

The following information is intended to bring together funding recommendations for the 2012-13 budget and tie together the three major issues being considered by the Board of Education: the preliminary budget recommendations, the revised achievement gap plan, and facilities maintenance needs.

Based on conversations with the Board through the budget process so far, we are recommending funding of these three important needs through a combination of fund equity and property tax levy that maintains a 4.09% levy increase.

First, we recommend funding of each of the three major pieces at the following levels.

- Preliminary Balanced Budget \$366,811,863
- Achievement Gap Plan \$ 4,404,076
- Maintenance \$ 3,500,000
- Total \$374,715,939

If these increases in funding were supported entirely by the property taxes, the levy would increase 7.6% or \$161 on the average home. However, we are recommending several strategies to mitigate the property tax impact, illustrated in the following table.

	Equity Use	Property Tax Increase	Mill Rate Increase over 2011-12	Bill Increase over 2011-12
Preliminary Budget	\$6,634,997	\$3,387,529	\$0.33	(\$3.81)
Achievement Gap Plan	\$0	\$4,404,076	\$0.20	\$48.73
Maintenance	<u>\$1,269,079</u>	<u>\$2,230,921</u>	<u>\$0.11</u>	<u>\$23.20</u>
Total	<u>\$7,904,076</u>	<u>\$10,022,526</u>	<u>\$0.64</u>	<u>\$68.12</u>

These strategies include:

- **Preliminary budget**
 - Use of Equity to Support 4-k. We are recommending the Board of Education continue to support 4-k for 2012-13 through the use of equity as

was approved by the Board of Education on November 29, 2010. The amount of equity to support this program is \$4,448,495.

- Use of Equity to make referendum approved debt service payments. Over periods of time and through re-financing district debt, we have built up reserves within our referendum approved debt fund (Fund 39) totaling \$2,186,502. This is new equity that we were not aware of in compiling the preliminary budget. We are recommending utilizing these reserves to lower the necessary property tax levy within Fund 39 to make our debt payments in 2012-13 within the preliminary budget proposal.
- Use of \$3,387,529 in property tax levy to support the preliminary budget. The strategies listed above were used to decrease the property tax levy necessary to support the preliminary budget proposal.
- **Achievement Gap Plan**
 - Use of \$4,404,076 in property tax levy to support the achievement gap plan. This recommendation will allow for these strategies to be linked with a permanent funding source going forward. Based on the all of the discussions and input we've received, we feel this is an appropriate level of funding to target our resources and efforts to address our achievement gaps and create a more financially sustainable plan.
- **Maintenance Needs**
 - Use of \$2,230,921 in property tax levy and \$1,313,498 in fund equity (fund 10) to support the maintenance recommendations. This recommendation will make over half the original recommendation tied to a permanent funding source going forward.

These recommendations provide for a preliminary property tax levy increase of \$10,022,526 or a 4.09% (\$68) increase when compared to 2011-12. This is important, as this preliminary recommendation does not increase the under-levy when compared to 2011-12, allowing us to qualify for the one time categorical aid payment from the state of approximately \$1.3 million.

At the end of the 2010-11 school year, we had a general fund equity balance of \$43,247,210. If we assume the district doesn't add to this amount at the end of the 2011-12 school year, the percentage of budgeted expenditures would be approximately 14%. If we utilize the fund equity as recommended, the general fund equity would decrease to \$37,529,636 or 12.1%. This is within the Board policy of requiring a minimum of 10% and a maximum of 15%.

By prioritizing our needs, targeting our efforts and strategically funding those efforts, we are able to present recommendations that move both our facilities and programming forward while maintaining our levy at the projected increase.

We look forward to answering any questions you have and continuing this process together, as we consider the needs of our students and how we can improve achievement for all.