



# FY2015 Budget Planning

August 11, 2014

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# FY2015 Budget

## Adoption Process and Timeline

- August 11            FY2015 budget planning reviewed with the Board
- August 22            Initial budget posted for 30 day period
- August 25            Budget presented to the Board for review and discussion
- September 22        Budget hearing on proposed budget  
Board action on budget

# PEORIA PUBLIC SCHOOLS DISTRICT 150 FY2014 AMENDED BUDGET

		<u>TOTAL OPERATING FUNDS</u>	<u>PERCENT OF TOTAL *</u>
<b>Revenues</b>	Property Taxes	44,699,486	30 %
	Replacement Taxes	12,540,000	8
	State Grants	11,907,770	8
	General State Aid	44,592,939	30
	Federal Sources	29,573,647	20
	Other	7,558,297	5
	"On Behalf of" Payments	<u>15,000,000</u>	
	<b>Total Direct Revenues</b>	<b>165,872,139</b>	<b>100 %</b>
<b>Expenditures</b>	Salaries	96,612,252	62
	Benefits	26,883,031	17
	Purchased Services	22,439,554	14
	Supplies and Materials	6,409,316	4
	Capital Outlay	3,109,589	2
	Other Objects	1,139,341	1
	Termination Benefits	64,000	0
	"On Behalf of" Payments	<u>15,000,000</u>	
	<b>Total Expenditures</b>	<b>171,657,083</b>	<b>100 %</b>
<b>Revenues over (under) Expenditures</b>		<u><b>(5,784,944)</b></u>	
<b>Fund Balance</b>	Beg of Yr July 1, 2013	<u>16,418,660</u>	
	End of Yr (projected)	<u><u>10,633,716</u></u>	

Includes Educational, Operations and Maintenance, Transportation  
and IMRF/Social Security Funds

\* Excludes "On Behalf of" Payments

# Key Sources of Revenue

- Local Property Taxes (30%)
- General State Aid (30%)
- Federal Sources (20%)
- Restricted State Grants (8%)
- Corporate Personal Property Replacement Taxes (8%)

# Planning Assumptions

## Local Property Taxes

- EAV – optimistic prediction is level EAV
- Southtown TIF expired 2013
- Maximum tax rate limits for operating funds (e.g., Ed, O & M, Transportation)
- Given these factors, overall FY15 Property Tax revenue is currently projected to be level with FY15 revenue

# Planning Assumptions

## General State Aid

- Appropriation increase of \$80 million, 1.8%
- Prorated at 89% of state foundation level of \$6,119, same level as FY2014
- Overall, GSA is projected to decrease slightly for FY15 (\$236k or .5%)

# Planning Assumptions

## Restricted State and Federal Revenues

- State funding for mandated categoricals (Special Ed, Transportation) basically flat
- Reduction in federal SIG funding (\$2.3 million)
- Other federal funding projected level
- Overall restricted grant funding, other than the SIG funding decrease, is projected to be level

# Key Expenditure Categories

- Salaries (62%) and Benefits (17%), totaling 79% of total expenditures
- Purchased Services -utilities, supplies, insurance, legal expenses (14%)



# PEORIA PUBLIC SCHOOLS – DISTRICT 150

## 3-YEAR STAFFING TRENDS

	<u>7/18/12</u>	<u>7/10/13</u>	<u>07/16/14</u>	<u>Change</u>	
				<u>12 to 14</u>	<u>13 to 14</u>
Cafeteria	158	157	154	(4)	(3)
Custodial/Maint.	155	157	166	11	9
Subs	247	241	227	(20)	(14)
Paraprofessionals/Clerks	291	308	229	(62)	(79)
Certified	1,013	997	1,027	14	30
Transportation	214	217	228	14	11
Security	23	21	19	(4)	(2)
Hourly/Part Time	233	267	296	63	29
Administrators	98	97	110	12	13
Home School Facilitators	4	3	3	(1)	-
<b>Total</b>	<b><u>2,436</u></b>	<b><u>2,465</u></b>	<b><u>2,459</u></b>	<b><u>23</u></b>	<b><u>(6)</u></b>

# Planning Assumptions

## Salaries and Benefits

- Current FY15 employee headcount remains at prior year levels
- Negotiated and non-negotiated general salary increases up to 3% with overall increase in salary costs currently projected at 1.6%
- Budget savings from reduced health care and workers' compensation costs – pending audit
- Salary and benefit increases are modest in terms of staffing levels and market increases

# Planning Assumptions

## Purchased Services

- Utility costs expected to increase between 2.5% (electricity) and 5.5% (natural gas)
- Two schools with new air conditioning
- Increasing insurance costs (3.1%) and planned decreases in legal costs
- Energy efficiency work completed – lighting upgrades
- Currently projecting level costs for Purchased Services

# FY15 Budget Development Parameters

- Most revenue sources are stagnant at best
- Federal and state restricted grant funding is uncertain at this time
- Salaries and benefits will continue to increase and take an increasing share of the budget.
- Staffing counts are level and will continue to be reviewed and prioritized during the year
- Teaching and learning support will continue to be a high priority (e.g., classroom support, teacher development, instructional equipment, facility repair and improvements)

# FY15 Budget Planning

## A Few Words About Capital Improvements

- While the physical condition of the schools continues to improve, many significant building needs remain
- 16 schools have air conditioning, 7 partially air conditioned, 4 have no air conditioning
- Continuing focus on student safety improvements (e.g., security entrances and cameras, fencing, improved lighting)
- Funding for Capital Outlay and facilities improvements is critical but will need to be reduced or alternate funding sources developed



# Budget Planning Initiatives

# Overview

- What are the challenges for FY2015 and beyond
- Observations - how do we better position the district to address these challenges?

# FY2011 to FY2013 Audited and FY2014 Budgeted Revenues and Expenditures

	Revenue	Expenditures	Difference
FY2011 Audit	166,347,100	157,013,843	9,333,257
FY2012 Audit	165,614,644	162,969,927	2,644,717
<u>FY2013 Audit</u>	<u>165,041,449</u>	<u>165,390,644</u>	<u>(349,195)</u>
FY2011 to FY2013	-0.8%	5.3%	
 FY2014 Budget	 <u>165,872,139</u>	 <u>171,657,083</u>	 <u>(5,784,944)</u>
 <u>FY2011 to FY2014</u>			
Average % Change	-0.1%	3.0%	

Note: Includes Educational, Operations and Maintenance,  
Transportation and IMRF/SS funds.



# Financial Challenges FY2015 and Beyond

- Over the past 4 years, expenditures have increasingly exceeded revenues
  - Continuing trend of flat to slightly decreasing operating funds revenues
  - Modest expenditure increases averaging less than 3%
- Revenues
  - Local Tax Revenue – stagnant EAVs and tax revenue likely will be the norm
  - State Funding
    - State revenue shortfalls/temporary income tax increase in question
    - GSA and categoricals – funding challenges/prorations
    - Pension – underfunded systems/possible pension shift
- Expenditures
  - Programmatic priorities require financial resources
  - Salaries for negotiated and non-negotiated employees must keep pace with the market
  - Increases in utilities and other costs
  - Staffing levels need to adjust to enrollment changes and program needs

# How Do We Better Prepare for Our Financial Future

## Strategic Planning

- Strategic goals, priorities and action steps should continue to be reached through consensus, be clear and actionable, and have appropriate performance measures
- Current and new district action steps must be clearly identified, prioritized, and supported
- Financial planning and budget development must be better integrated with instructional program planning
- Lesser district priorities must be assessed and evaluated for reduction or elimination

# How Do We Better Prepare for Our Financial Future

## Enhancing Revenue

- There is a recognition that most revenue sources are beyond the control of the district (e.g., state funding, local taxes)
- All revenue sources must be further analyzed to maximize any improved revenue generation
- Efforts should be expanded to increase state, federal and private grant support and private and corporate giving
- Long-term funding for facilities improvements should be secured:
  - Health, Life, Safety Bonds
  - Revisit sales tax increase

# How Do We Better Prepare for Our Financial Future

## Expenditure Controls

- Staffing levels should be appropriate for high priority program needs and student enrollments
- Hiring processes and approval procedures should be reviewed, strengthened, and streamlined
- Staffing and program levels should be consistent with the adopted budget plan and mid-year changes should be minimal
- Finance should strengthen financial policies and procedures, improve communication and training, and monitor compliance

# How Do We Better Prepare for Our Financial Future

## Budget Controls

- Budget planning, development, and assessment should be an inclusive and collaborative process among district administrators.
- District administrators should be involved in budget decisions and development and should be responsible for adherence to the approved budget plan.
- The responsibility for budgetary control and financial management should be delegated and assigned to program administrators.
- An annual budget planning cycle should be developed and adopted with planning beginning in the fall prior to the upcoming fiscal year

“If everyone is moving forward together, then success takes care of itself.”

- Henry Ford -