



**In providing you with updates regarding the current state
of the budget deficit in the District:**

- We recognize that processing reductions is challenging, but together we will get through this and find our way forward.
- Please keep in mind that a lot will continue to change and evolve over the next several months. The Board adopts the final budget in August.
- We will continue to provide updates and also encourage you to regularly check the District website for further details.

WHY REDUCTIONS?

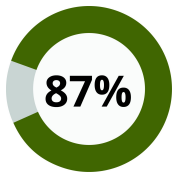
- **\$17.7 million:** Projected gap or shortfall for 2019-20 school year.
- A reduction in the levy over the calendar year 2018.
- “Regionalization” is impacting us very differently than many of our neighbors (We would have received \$5.25 million more if we were a 24% district instead of an 18% district).
- Increases to employer costs for the School Employees Benefits Board.
- Salary increases for all employee groups.
- The basic education funding model does not cover the additional staff and other program costs that are funded by the levy or other state and federal programs.
- The Salary Allocation Model no longer takes into consideration the education and experience levels of staff and provides funding at one average rate. The district’s staff is more experienced than the average.
- We did not have enough reserves/fund balance to absorb some of these hits.
- We used nearly \$3.9M of the 2017-18 fund balance (savings account) to prevent other reductions during that school year. This results in a fund balance below 4%. We cannot continue to draw down our fund balance and remain fiscally sound as a district.
- Even with the new revenue in programs like Special Education, we continue to fund our Special Education budget over the amount allocated by the state and federal government. We anticipate this gap to be in excess of \$5 million this year.
- Several districts in our area are making reductions but are able to absorb them through retirements or through their fund balance. Many other districts across the state find themselves in similar circumstances to our district.
- As of May, 14 our identified retirements are about half of what they have been in a typical year.

PROCESS

- Since August, we have been discussing this looming shortfall and examining our options.
- We have looked at every line item and every expenditure.
- We held (11) budget information sessions between February and April for staff and community.
- We launched our 2019-20 Budget Development website and have been posting the most current information as well as gathering questions, comments, and recommendations over the past several months.

AREAS OF REDUCTION

- We reduced in the area of non-employee related costs to the greatest degree possible first (MSOC – Material, Supplies and Operating Costs). For a complete list, please see our website.



of our budget is salaries and benefits for staff. It was therefore impossible to avoid staff reductions given a \$17.7 million gap.

- Reductions needed to be made in all employee groups.
- The current breakdown is as follows:
 - **8.7%** reduction of certificated administrative staff
 - **4.2%** reduction of classified staff
 - **2.5%** reduction certificated instructional staff
- We are carefully monitoring impacts on class size. We are all committed to maintaining the lowest class sizes possible.
- Current class size projections for the next school year:
 - **K-3: 19.5** - Protected and funded by the state. None of these classes should be over 20 or 21.
 - **4-6: 27.6**
 - **7-12** - The projected numbers appear typical. We will be monitoring and adjusting now and throughout the summer.