

Albuquerque Public Schools

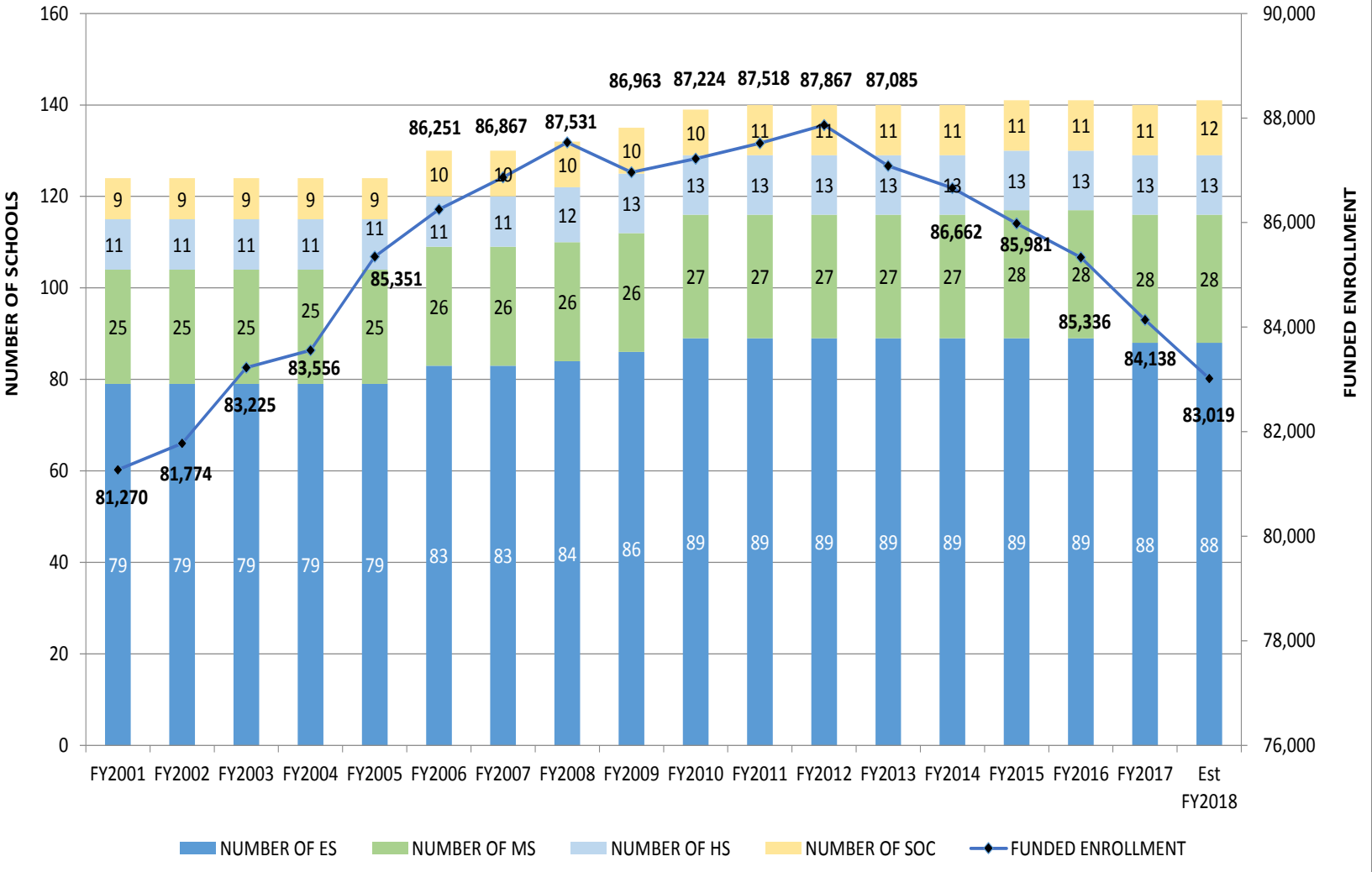
Board of Education Work Study

May 17, 2017

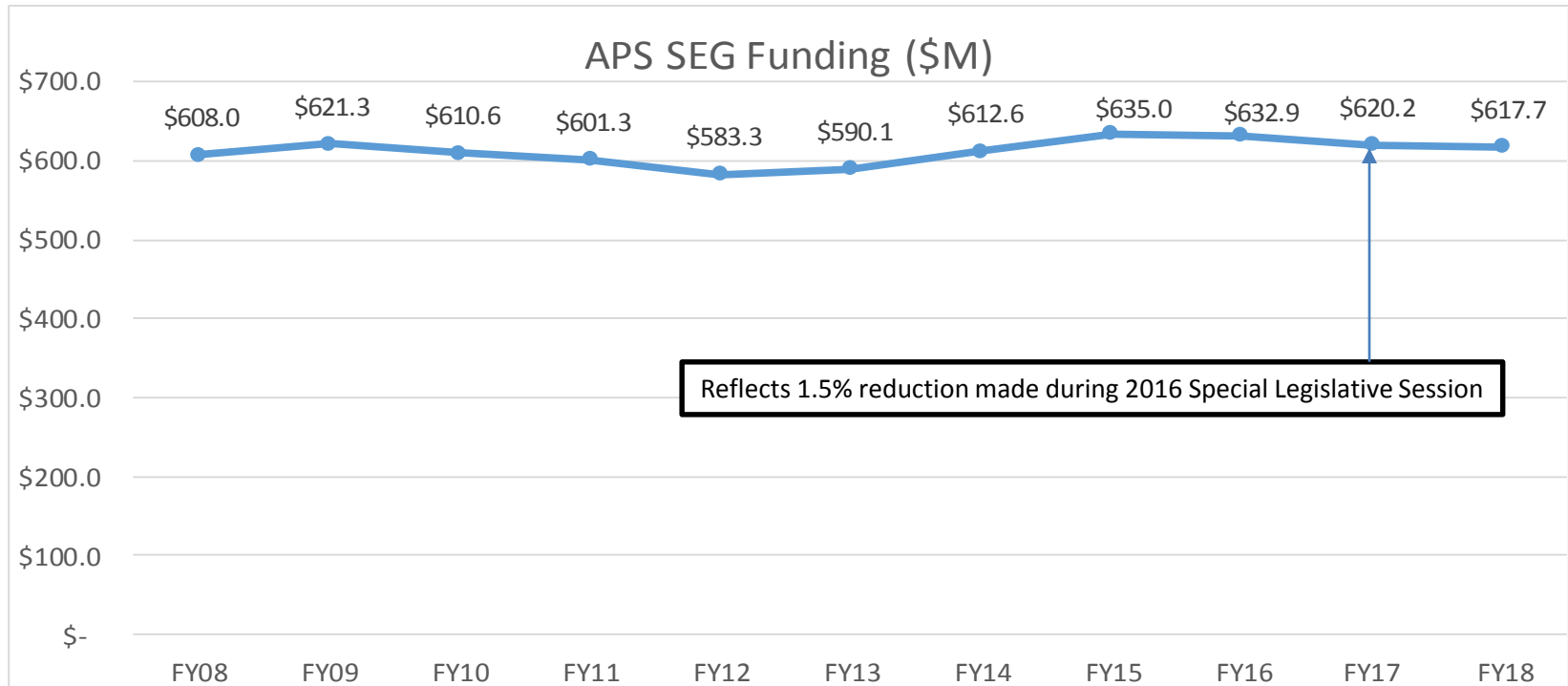
FY18 Budget Planning Process

- In February, the Budget Steering Committee began to plan for the FY18 budget
- February-May, the district received and considered stakeholder's input to the budget
- In March, APS' legislative staff communicated that the district should plan on at least a 2% state funding reduction
- In April, the administration presented four state funding scenarios (flat, 2%, 3% and 5%) to the Board, with a recommendation for a 2% SEG reduction
- The Board directed the administration to assume the 2% SEG funding cut for budget development purposes
- The Public Education Department notified districts in April that the SEG unit value would increase by 1.8%
- In May, the plan to develop the budget based upon a 2% cut was adjusted to a flat revenue scenario
- A special legislative session will be held in late May to address the state's FY18 budget
- If a state funding reduction is implemented after the special legislative session, the administration has a prioritized plan to adjust the budget accordingly

NUMBER OF SCHOOLS VS. FUNDED ENROLLMENT BY YEAR



Albuquerque SEG Funding



Despite a 1.8% increase in the SEG unit value in FY18, funding for APS is relatively flat. The flat SEG is due to both the loss of over 1,000 students and changes to APS demographics.

FY18 Budget Scenario Planning

| <u>Item #s</u> | <u>SEG REVENUE CHANGES FY17 to FY18:</u> | <u>Flat SEG Scenario 1</u> | <u>2% SEG Cut Scenario 1B</u> |
|----------------|--|----------------------------|-------------------------------|
| 1. | SEG Unit Value Change | \$0.0 | (\$12.4) |
| 2. | Enrollment Decrease | (\$7.0) | (\$7.0) |
| 3. | Special Ed Ancillary Unit Decrease | (\$3.6) | (\$3.6) |
| 4. | At-Risk Index Drop | (\$1.7) | (\$1.7) |
| 5. | Training & Experience Index Drop | (\$1.2) | (\$1.2) |
| 6. | All Other Unit Changes | <u>(\$0.1)</u> | <u>(\$0.1)</u> |
| | TOTAL SEG REVENUE CHANGES | (\$13.6) | (\$26.0) |
| | <u>EXPENDITURE CHANGES FY17 to FY18:</u> | | |
| 7. | Fewer Teachers Needed for 1,100 Enrollment Drop (~60 teachers) | \$3.6 | \$3.6 |
| 8. | Medicaid State Match No Longer Required | \$0.8 | \$0.8 |
| 9. | Expiration of Additional Compensation for RGHS Staff | \$0.4 | \$0.4 |
| 10. | Shift Waste Removal Contract to Other Funding Source | \$1.5 | \$1.5 |
| 11. | Worker's Compensation Premium Increase | (\$0.8) | (\$0.8) |
| 12. | Employer's Share of 5% Increase in Health/Medical (1/2 the Year) | (\$0.6) | (\$0.6) |
| 13. | New Coyote Willow Family School | (\$0.9) | (\$0.9) |
| 14. | Supplement Transportation Operations | (\$0.5) | (\$0.5) |
| 15. | Supplement Instructional Materials | (\$1.5) | (\$1.5) |
| 16. | Utilities | <u>(\$0.3)</u> | <u>(\$0.3)</u> |
| | TOTAL EXPENDITURE CHANGES FY17 to FY18 | \$1.7 | \$1.7 |
| | TOTAL PROJECTED BUDGET (SHORTFALL) | (\$11.9) | (\$24.3) |

FY18 Budget Scenario Planning

| | Flat SEG Scenario 1 | 2% SEG Cut Scenario 1B |
|--|--------------------------------|-----------------------------------|
| TOTAL PROJECTED BUDGET (SHORTFALL) | (\$11.9) | (\$24.3) |
| <u>Item #s OPTIONS TO MEET PROJECTED SHORTFALL:</u> | | |
| 1. City Center Department Reductions | \$4.8 | \$4.8 |
| 2. *Calendar Reduction for 260-Day Employees (4 days, partial negotiation) | \$1.1 | \$1.1 |
| 3. Reorg Computer Technician Function at Schools | \$1.0 | \$1.0 |
| 4. Reorg Gifted Education Program | \$1.0 | \$1.0 |
| 5. Reorg Teacher Mentor Program (pending approval) | | \$1.2 |
| 6. Furlough for All 185-259-Day Employees (4 days, partial negotiation) | | \$0.8 |
| 7. Athletic Program Reorganizations | | \$0.6 |
| 8. Athletic/Activity Directors - Decrease Allocation (.2 FTE) | | \$0.3 |
| 9. Reduce School Non-Salary Budgets 20% or ~\$10/student | | \$1.0 |
| 10. **Reduce Differentials 10% | | \$1.3 |
| 11. **Increase Class Size Waiver from 5% to 7% (~30 teachers) | | \$1.8 |
| 12. **Furlough for 184-Day Employees (3 days) | | \$4.2 |
| TOTAL REDUCTION OPTIONS | \$7.9 | \$19.1 |
| 13. USE WORKING CASH | \$5.0 | \$5.2 |
| GRAND TOTAL ALL REDUCTIONS | \$12.9 | \$24.3 |
| FY18 PROJECTED BUDGET SURPLUS/(SHORTFALL) | \$1.0 | \$0.0 |



Reduction options are listed in priority order

NOTE:

Shaded area represents reductions implemented in the FY18 budget plan

***Full-time employees making \$25K or less held harmless**

**** Negotiated Items**

APS Working Cash

Working Cash Balance Position

| | |
|---|--|
| Estimated Working Cash Balance on June 30,2016 | \$ 54.8 |
| Additional Cash Balance | \$ 3.1 |
| Actual/Audited Working Cash Balance on June 30,2016 | \$ 57.9 |
| Shore up WC account | \$ (5.0) |
| Use for Phase 2a | \$ (6.7) 12.5 million Cash Sweep SB114 2017 |
| Use for Phase 2b | \$ - 1% Sanding in June 2017 SB113 2017-vetoed |
| Estimated Working Cash Balance on June 30,2017 | \$ 46.3 |
| Apply to FY 17/18 Budget | \$ (5.0) |
| Estimated Working Cash Balance on June 30,2018 | \$ 41.3 |

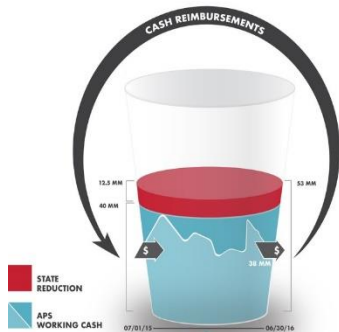
Note 1: Receivables on June 30, 2016 were \$38 million, and vary during the year.

Note 2: One month's of expenses is \$51.6 million (SEG \$620 million).

Note 3: One month's of expenses is \$50.6 million (flat SEG \$608 million).

Note 4: One month's of expenses is \$49 million (-2% SEG \$596 million).

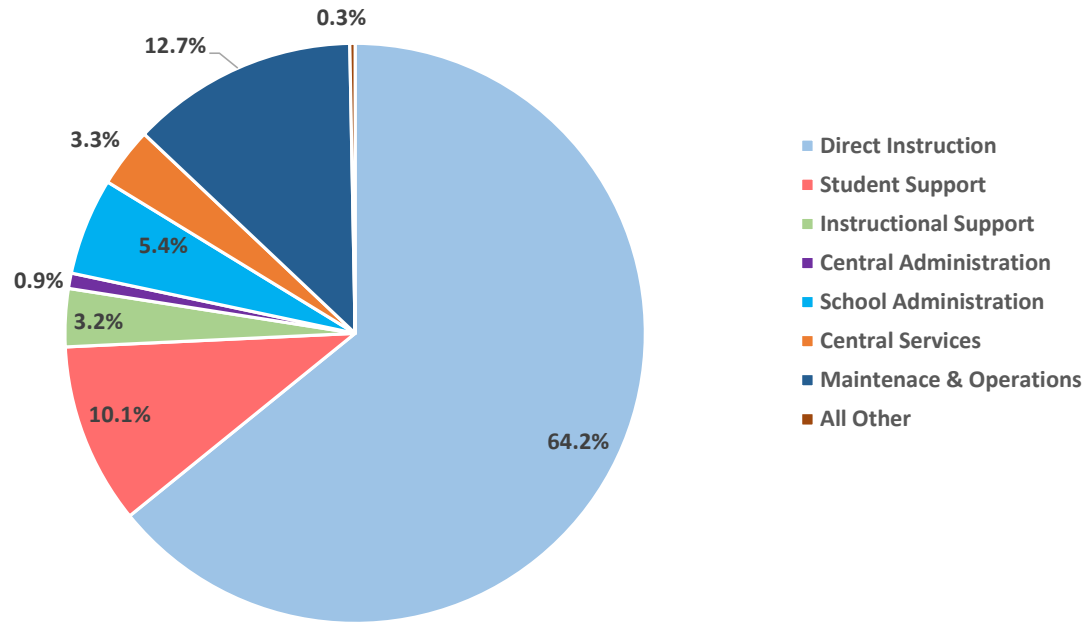
Note 5: Bond Rating is excellent at this time...Moody's confirmed our current rating...no decrease.



Working cash is currently \$57.9 million. The district will use \$5 million of this balance to increase our share of the worker's compensation premium, and another \$6.7 million to cover a portion of the 2017 mid-year cut.

In the 2017-18 fiscal year, we will utilize an additional \$5 million to help offset the anticipated shortfall in the budget.

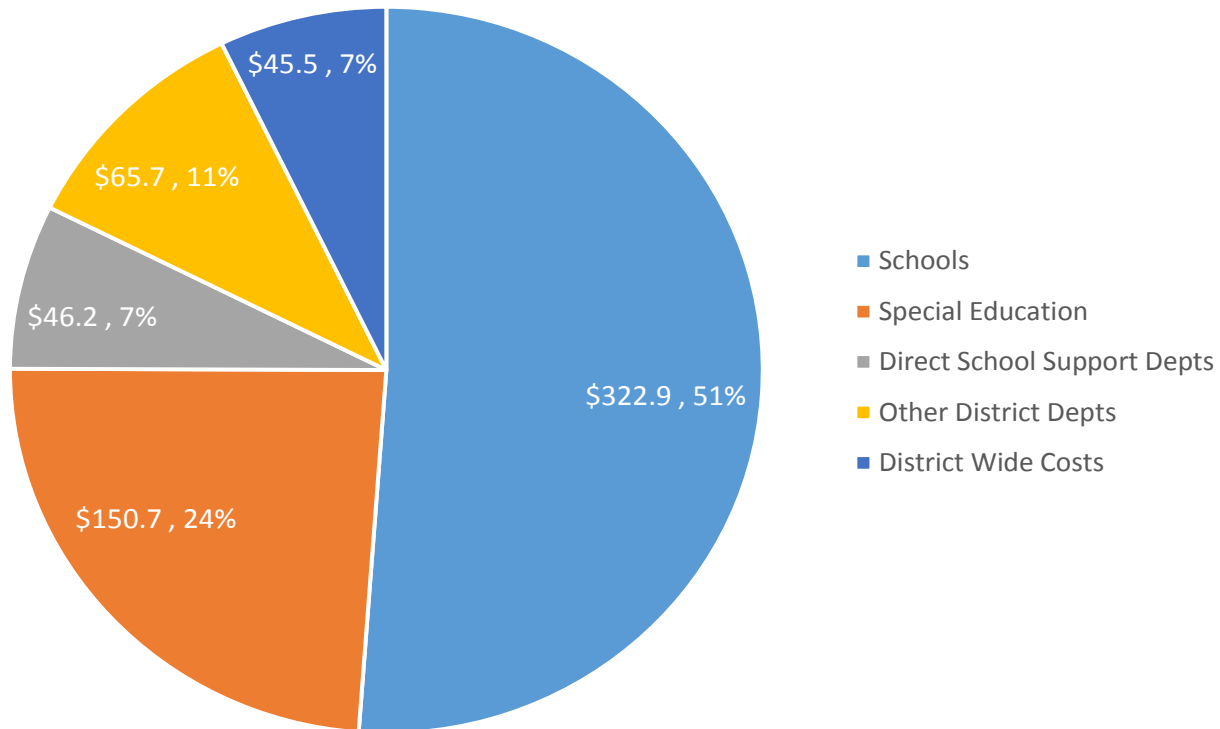
FY18 Operational Fund Budget by Function



Breakdown of Operational Fund by Function:

- **Direct Instruction:** Teachers, educational assistants and all other costs associated with instruction in the classroom including extra-curricular activities
- **Student Support:** Student Family & Community Supports Department including counselors, nurses, and health assistants. Special Ed. support staff including speech, occupational and physical therapists, psychological services
- **Instructional Support:** Librarians, media specialists, testing
- **Central Administration:** Superintendent, associate superintendents, APS Board of Education offices, support staff, Parent & Employee Service Center, bond elections
- **School Administration:** Principals, assistant principals, clerical staff and all other costs associated with administrative responsibilities in the school
- **Central Service:** Human resources, information technology, finance, grants management
- **Maintenance and Operations:** Building maintenance, utilities, upkeep of grounds and equipment

FY18 Operational Fund Budget by Organization (\$Millions)



- Direct School Support Department budgets include fine arts, ROTC and driver's education teachers, counselors, nurses and health assistants, school police campus assistants and police officers working in the schools (\$46.2 million)
- The Special Education Department budget includes special education teachers, educational assistants, social workers and therapists working in the schools (\$150.7 million)
- Schools, Special Education and Direct School Support Department budgets=82% of the operational budget
- District Wide Costs include utilities, substitutes and certain differentials paid to teachers

FY18 Operational Fund Budget Summary

| | FY18 |
|--|--|
| | <u>Operational Budget (\$M)</u> |
| <u>Resources:</u> | |
| FY18 Beginning Working Cash (estimated carryover from FY17) | \$46.3 |
| State Equalization Guarantee Revenue (includes 1.8% unit value increase) | \$617.7 |
| Other Revenue | <u>\$14.9</u> |
| Total Resources Available to Budget | \$678.9 |
| <u>Expenditures:</u> | |
| Schools | \$322.9 |
| Special Education Department | \$150.7 |
| Direct School Support Departments | \$46.2 |
| Other District Departments | \$65.7 |
| District Wide Costs (utilities, substitutes, differentials) | <u>\$45.5</u> |
| | \$631.0 |
| Working Cash Budget (use of \$5 million in budget) | <u>\$41.3</u> |
| | \$672.3 |
| Set Aside for Potential Special Session Adjustments | <u>\$6.6</u> |
| Total Expenditure Budget | \$678.9 |