

# BUDGET DEVELOPMENT CONCEPTS– FY'08



## STAFFING:

**\*(In General)** staffing is enrollment driven based upon State BEP Class Size Requirements. Fines are imposed if requirements are not met.

**\*Current: Budgeted '07 vs. Actual '07.....**Based upon the review and monitoring of monthly financial reports, the FY07 Budget is within an acceptable range. Revenue collections, while under projections, are keeping an even pace with expenditures outlays. Property and Sales Tax collections should provide more trend information, after the first of the year.

## ORS Staff Reductions 2000-2007

	Teachers	Teaching Assts	Central Staff (coord/superv)	Food Service	Transportation	Total
FY 00	6.3	14.0				20.3
FY 01	2.2					2.2
FY 02	3.0					3.0
FY 03		4.0	1.5			5.5
FY 04	4.0	4.0			1.0	9.0
FY 05	3.0			2.0	1.0	6.0
FY 06	0.4	7.8	1.0			9.2
FY 07	2.20	.03			8.0	
<b>Total</b>	<b>21.10</b>	<b>29.83</b>	<b>2.5</b>	<b>2.0</b>	<b>10.0</b>	<b>67.43</b>

## ORS Staff Additions 2000-2007

	TECH	Main-Elec	Teacher s	Food Serv	Nurse/OT	Coord/ Specialist	TA	PARA	CATI F	Total
FY 00										
FY 01							13.5			13.5
FY 02							3.16	1.5		4.66
FY 03					.5					.5
FY 04	1.0							1.0		2.0
FY 05	1.0	1.0								2.0
FY 06					.4	1.5			2.0	3.9
FY07	1.0		4.2		.5					
<b>Total</b>	<b>3.0</b>	<b>1.0</b>	<b>4.2</b>		<b>1.4</b>	<b>1.5</b>	<b>16.6</b> <b>6</b>	<b>2.5</b>	<b>2.0</b>	<b>32.56</b>

**ORS Total Reductions 2000-2007: 34.87 Positions**



## ENROLLMENT PROJECTIONS FOR FY 2008:

The FY2008 projections were generated using methodology developed by the Weldon Cooper Center at the University of Virginia. This method uses five-year weighted average grade-progression ratios, along with birth data, to produce enrollment projections for five years into the future. Birth statistics (defined as the mother's city-of-residence) were obtained from the Tennessee Department of Health, Office of Policy Planning and Assessment, Division of Health Statistics. The birth statistics are used, along with the five-year weighted average procedure, to help project the number of future kindergarten students.

The enrollment projections for FY2008 reflect an anticipated increase in enrollment of forty-nine students from September 2006 totals. This increase is most significant at the elementary schools where a total of one hundred twenty-four additional students are anticipated. Moderate declines in enrollment at both the middle schools and high school are projected.

Last year's projected enrollment of 4433 overestimated by thirty-nine students the actual total September 2006 enrollment of 4394. This represents a projection accuracy error of less than one percent (0.8). However, any projection becomes less accurate as the total number of students involved declines. For this reason, grade level projections at individual schools will tend to be less accurate than those made for the overall system.

### Enrollment Projections FY 2008

#### December 12, 2006- Current Enrollment-4353

<i>School</i>	<i>K</i>	<i>T</i>	<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>Opt 7/8/9</i>	<i>Total</i>	<i>9/11/06 Current</i>	<i>Projected Difference</i>
Glenwood	70		57	43	78	59	8	315	297	+18
Linden	104		74	110	109	83	6	486	450	+36
Willow Brook	114	15	77	71	61	63	11	412	382	+30
Woodland	110		100	79	103	81	2	475	435	+40
<b>Elementary Totals</b>	<b>398</b>	<b>15</b>	<b>308</b>	<b>303</b>	<b>351</b>	<b>287</b>	<b>27</b>	<b>1688</b>	<b>1564</b>	<b>+124</b>
			<i>5</i>	<i>6</i>	<i>7</i>	<i>8</i>	<i>Opt 7/8/9</i>	<i>Total</i>	<i>9/11/06 Current</i>	<i>Projected Difference</i>
Jefferson Middle			147	143	149	193	10	642	651	-9
Robertsville Middle			153	128	142	158	41	622	680	-58
<b>Middle School Totals</b>			<b>300</b>	<b>271</b>	<b>291</b>	<b>351</b>	<b>51</b>	<b>1264</b>	<b>1331</b>	<b>-67</b>
			<i>9</i>	<i>10</i>	<i>11</i>	<i>12</i>	<i>Opt 7/8/9</i>	<i>Total</i>	<i>9/11/06 Current</i>	<i>Projected Difference</i>
<b>Oak Ridge High School</b>			<b>394</b>	<b>361</b>	<b>374</b>	<b>321</b>	<b>39</b>	<b>1489</b>	<b>1497</b>	<b>-8</b>
Category C								2	2	0
<b>Grand Total</b>								<b>4443</b>	<b>4394</b>	<b>+49</b>

**\*Anticipated New Expenditures for Staffing.....** (In General) The number of new positions required will depend upon enrollment and program/department initiatives.

**The Compensation Study....** completed previously for some staff groups (other than teachers) has not been implemented. Step one was to place 21 staff members in grades of pay, on a salary schedule, based upon market rates within their job category as supported by the study. This resulted in a few (less than 5) individuals receiving an increase to bring their salaries **to at least the bottom of market**. Further steps included adjusting existing secretarial and teacher assistant pay schedules to market and assigning employees who are not on a schedule, to a schedule. Increasing recurring operational expenditures and the lack of an adequate recurring base prevents **fully funding salary increases to the level of competitiveness required** to support recruiting goals for teachers.



## REVENUES:

### \*Distribution of General Fund Revenues by Source (FY07)

FY'08 Forecast

<b>Other:</b>	<b>\$3,095,823</b>	
Fund Balance, Tuition, Interest Earnings, Food Service Fees, Facility Rentals, E-Rate, Gifts, Transfers, Grants	7.07%	<b>Less Funding Available –Fund Balance</b>
<b>County: (Anderson and Roane County)</b>	<b>\$11,332,213</b>	
Sales Tax, Property Tax, and Mineral Tax	25.87%	<b>Property-2%, Sales-3%</b>
<b>State:</b>	<b>\$16,482,850</b>	
BEP, Food Service Aid, Driver's Ed Aid, State Grants, Career Ladder, Extended Contract	37.64%	<b>BEP-Major Revenue Uncertain, Four models being considered</b>
<b>Federal:</b>	<b>\$814,913</b>	
Federal Lunch Program, Federal Funds thru State, Impact Aid	1.86%	<b>Expecting a minimum reduction of 1% across the board</b>
<b>City:</b>	<b>\$12,070,138</b>	
City Transfer	27.56%	<b>Potential +4.1% or \$494,876</b>
<b>Total</b>	<b>\$43,795,937</b>	
	<b>100.00%</b>	

### \*Federal Projects Funding

At this point in time, federal projects funding (Head Start, Title I, IDEA) are expected to be reduced by a minimum of 1% across the board.

### \*Anticipated Increases in New Revenues

**Preschool Funding**.....Increases based upon the Governor's initiative, but with that comes increased expenditures outside funding levels and increased needs for space. The program principal is seeking additional funding to install central heat and air conditioning to the existing facility... Head Start funding may be cut back.

**Sustaining a successful educational program is our number one goal!**



## \*Fund Balance

### FUND BALANCE CALCULATION

FY2008

Total FY'07 Expenditure Budget	\$ 43,795,936	
Total FY'07 Operating Budget- (Including thru 73400's)	\$ 43,074,455	
3% of FY'07 Operating Budget	\$ 1,292,234	
<b>Unreserved, Undesignated Fund Balance (6-30-06)</b>	<b>\$ 4,037,418</b>	9.37%
<b>Less Designated Reserve – State Requirement – 3%</b>	<b>\$ 1,292,234</b>	
<b>Remaining Balance</b>	<b>\$ 2,745,184</b>	6.37%
<b>Less Transfer to FY'07 Approved Budget-(7-1-06)</b>	<b>\$ 1,352,263</b>	
Balance as of 6-30-07	\$ 1,392,921	3.23%
<b>Less Potential Transfer to FY'08 Budget - (7-1-07)</b>	<b>\$ 850,000</b>	
Balance as of 6-30-07	\$ 542,921	1.26%
<b>Less Potential Transfer to FY'09 Budget - (7-1-08)</b>	<b>\$ 542,921</b>	
Balance as of 6-30-09	\$ 0	0%

The "rule of thumb" in school business is to carry a fund balance between 8-10% of the operating budget. As of 6-30-06, ORS fund balance represented 6.37% in addition to the State requirement of 3%. After the transfer is made to the FY'07 Budget, the usable balance will drop to 3.23%.

By 6-30-08, the usable balance will drop to 1.26%.

By 6-30-09, the usable balance will drop to 0% if \$542,921 is appropriated in the FY'09 budget.

The remaining fund balance will be the 3% required by the state and its use is subject to the provisions of TCA.

## COMPARE CURRENT SERVICES AND COSTS TO PEER CITIES:

\*Our expenditure per pupil exceeds our competitor school systems for a number of reasons:

- Oak Ridge offers more programs based upon community desire and support.
- Oak Ridge teaching contracts have six additional professional development days.
- Oak Ridge staff are veteran teachers.
- Oak Ridge staff are highly educated.
- Some of our competitor school systems include technology and other expenditures within their city budgets, instead of their school budgets



## ANTICIPATED NEXT BUDGET:

### **\*What Service Changes are Anticipated? What will they cost?**

**Alternative School Program.....** With the NCLB legislation regarding student achievement, we are changing the Alternative School Program to focus on meeting the expectations of NCLB as well as providing resources to students who may be expelled or suspended long term. This change will impact the number of teachers needed and space requirements ( i.e. leased space is not adequate) as well as curriculum materials needed.

**Technology Initiatives.....** The national average of *recurring funds* spent on technology per student is \$200-220. Oak Ridge is spending \$70-110, of which, 75% is *one time, non-recurring money*. Our projections indicate an additional \$1million in funding would be required to meet this goal. The following represents our technology initiatives:

#### **\*Capital Projects**

The network infrastructure in each building has significant needs. The most dramatic needs are those of the middle schools. For instance, JMS has some wireless access – primarily in the media center; RMS has none. For FY08, rough estimates are that up to \$250,000 per middle school will be required to address infrastructure needs. The high school project will make things right there by the start of the 2008-2009 school year. One elementary school should be budgeted for each year thereafter (FY09 ongoing) at a rough estimate of \$150,000 per school.

#### **\*Staff Additions**

To adequately serve the installed technology will require the addition of four technicians, one “network engineer,” and one “database engineer.”

#### **\*Staff Development**

To retain good people and keep up with changing technology will require the re-instatement of funds for staff development in the form of travel for conferences, training courses, and self-directed instructional materials.

#### **\*Special Projects**

The technology department will again make a pitch for SIF (School Interoperability Framework) to tie together MS Active Directory Services, WinSchool, Horizon (food), Versatrans (bus), and Athena (media) as a minimum.

It is desirable to start an initiative on a Blackboard or Blackboard-like classroom management product. If only a pilot, this should be at the high school.

We will plan for the upgrade of WinSchool as the Pearson product plans are revealed.

We will continue building on the seed money (\$15,000) provided in the FY07 budget for the “electronic records project” or “scanning archival records project” by requesting at least \$15,000 to continue implementation. The long range goal is that of electronic workflow automation.

We will continue our work to increase bandwidth to the Internet (as well as Internet2), to increase disk storage additions, to increase data backup storage, to increase short term battery backup on all servers, and to provide a network monitoring capability.

We will work with HR and Finance to address HR software needs, Financial Accounting needs, and the badging system replacement.



In FY07, we added the Alternative School to our school wide area network. In FY08, we plan to add the maintenance department to our wide area network.

The Alternative School technology needs have been addressed by discards in the past. To address the new role of the Alternative School, this will no longer work. We will need to budget for twenty new computers for this location.

### Operational Expenditures

Line Item	% Increase	\$ Increase	Rationale
Electricity	14%	\$151,466	Rate increases have not been released by TVA at this time. Typically we expect an increase of 10-15%. This year, we also expect an increase due to the new systems going on line at the High School at the end of this year.
Natural Gas	2%	\$ 7,500	No rate increases are projected for next year. We lose our discounted rate for interruptible service on four schools due to HVAC project re-designs. The return on higher efficiency HVAC units is expected to offset the loss of the discounted rate.
Vehicle Fuel	43%	\$ 33,561	The projection is based on rate increases, current market prices and usage.
Water/Sewer	23%	\$ 22,882	A rate increase of 15% is projected. \$6,500 was added to the budget based upon current actual usage as compared to FY07 Budgeted amounts.
<b>Total</b>		<b>\$215,409</b>	

**Most contracted services and operational expenditures** such as liability insurance are estimated to increase by at least 3-5%. Increased costs of supplies are anticipated due to fuel costs, and shipping expenses passed along and included in the product cost.

**Facilities Study.....**In FY'07, the Board allocated funding to engage an outside professional service to complete a Facilities Study which would identify future facilities requirements, based upon enrollment projections, space of existing building's and building condition and life expectancy. Additional funding will be required in FY'08 to complete the study (minimum of \$50,000).

**Transportation Services.....**The scope of transportation services will be examined for the FY08 Budget. In FY07, services were cut back to include only students living outside a one mile radius of their school. State reimbursement for these services through the BEP begins outside of 1-1/2 miles. Along with the scope of services provided, the manner of providing management services to this department will be examined to determine the most cost effective and comprehensive method available.