

Christina School District

FY07 Budget Discussion

Meeting of Board of Education

June 13, 2006

Preliminary



Overview

- I. Funding Rules & Requirements
- II. Historical Snapshot: FY03 – FY06
- III. FY06 Forecast
- IV. FY07 Major Revenue & Cost Drivers: Year-over-Year Changes
- V. Potential Cost Savings for FY07 to Balance the Budget
- VI. Next Steps

•Data Represent Preliminary Best Estimate
•Analysis in Process for FY07 Budget Development



I. Funding Rules & Requirements

District Operating Budget encompasses 3 funding types :

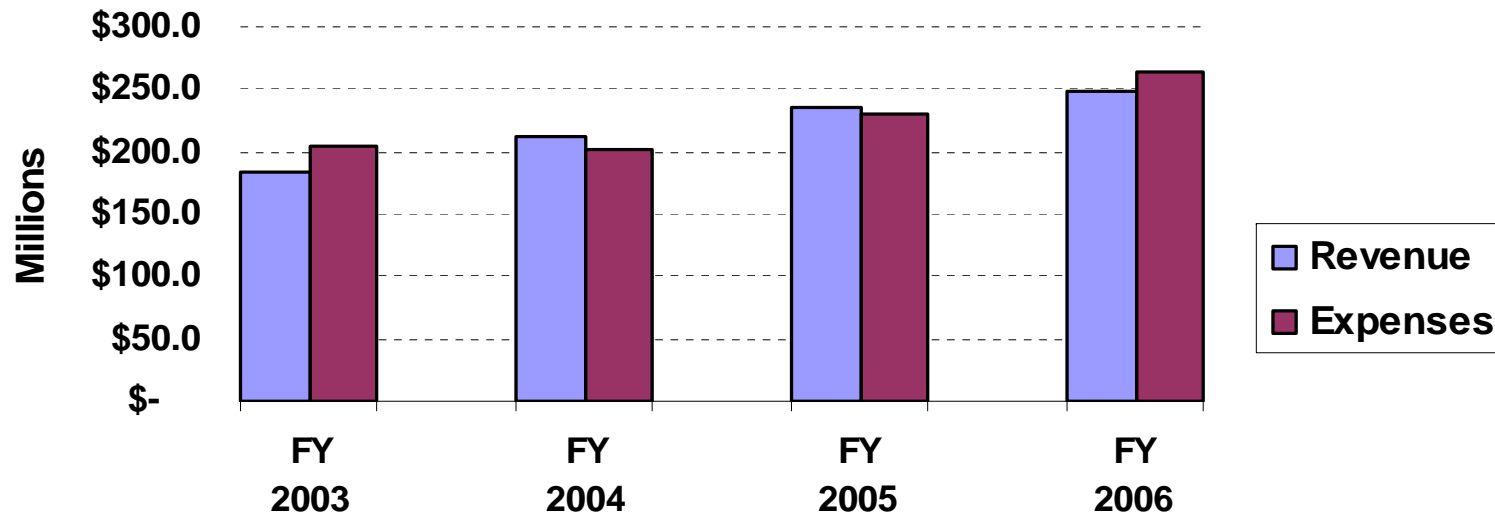
- Federal revenues are restricted to specific purposes (e.g., Title I & II grants)
- State revenues are generally restricted to State Units that support most District staffing requirements
- Local revenues have restrictions from referenda – and local revenues also have unrestricted funds which are discretionary

Funding Types Are Not Interchangeable



II. Historical Snapshot: FY03 - FY06

Historical Revenue & Expenses - Trend Analysis (Fed/State/Local - All Schools)

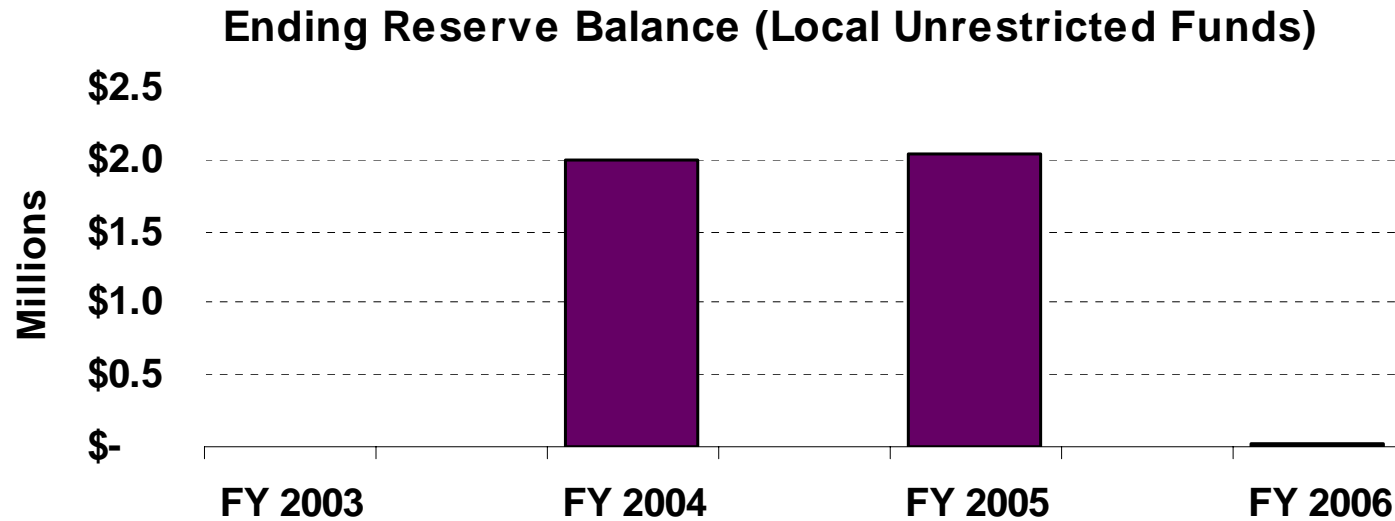


FY03 Referenda Addressed FY03 Deficit & Increased Revenue Starting in FY04

Note: Excludes debt service, bonds/major cap, Food Service (non-payroll), Internal Funds & Network.
Source: Information provided by CSD (DFMS and PHRST).



II. Historical Snapshot: FY03 - FY06 (cont'd)



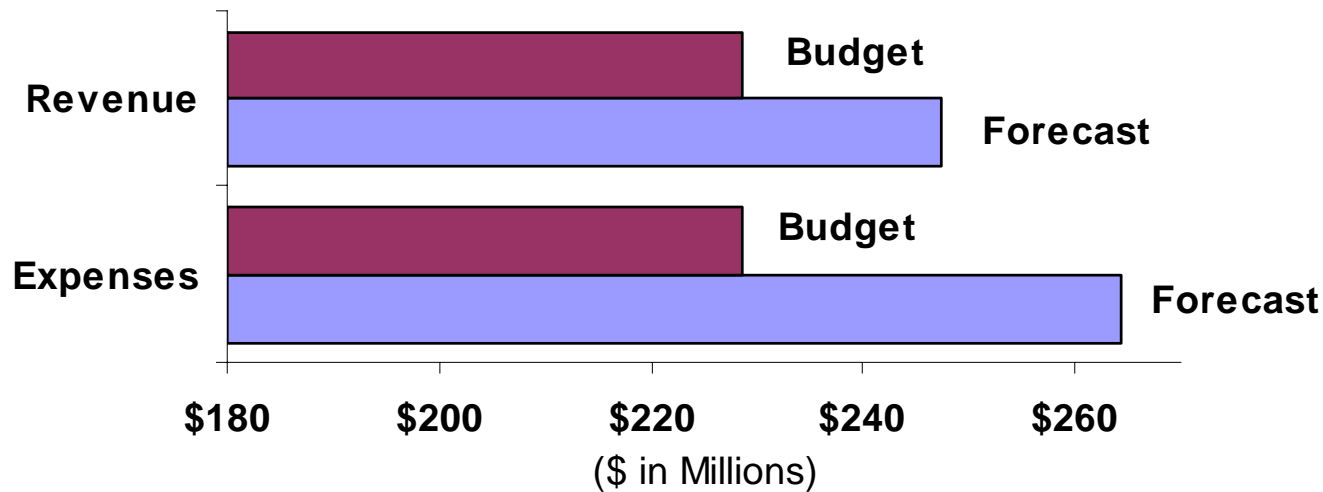
\$2M Ending Reserve Balance in FY04 & FY05 – Reduced to Almost Zero in FY06

Source: Information provided by CSD (DFMS).



III. FY06 Forecast

FY 06 Operating Budget vs. Forecast (Fed/State/Local - All Schools)



Although Revenue Exceed Budget, Expenses Have Also Exceeded Budget by an Even Larger Amount, Thereby Creating a Deficit in FY 2006

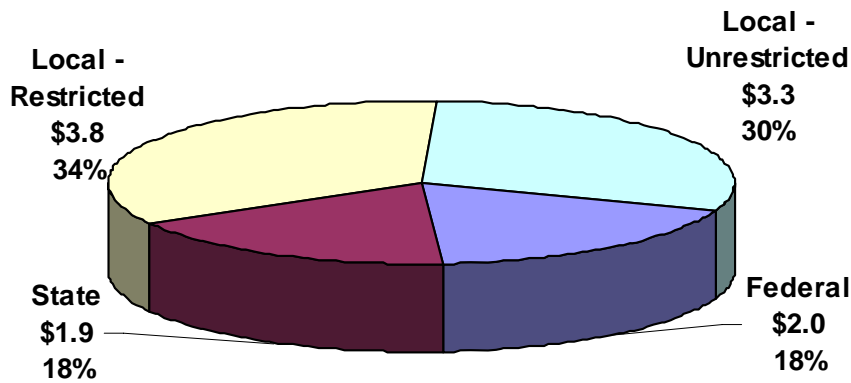
Note: Reflect cash receipts except as noted. Federal funds reflect approved appropriations. Excludes debt service, bonds/major cap, Food Service (non-payroll), Internal Funds & Network.
Source: Information provided by CSD (DFMS and PHRS).

Christina School District (CSD)

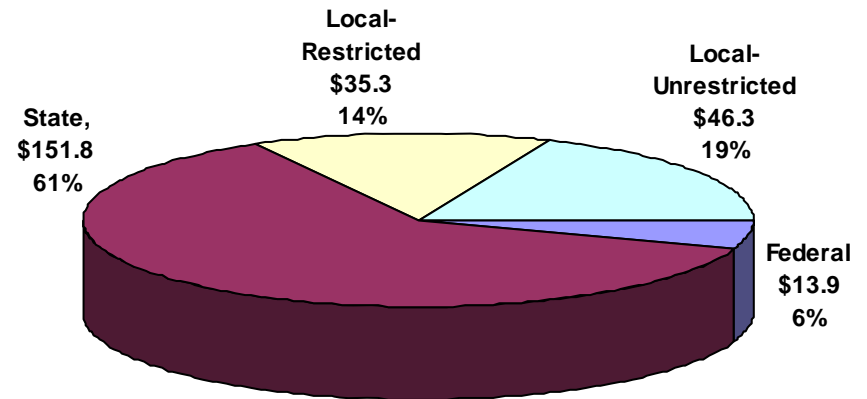
Preliminary Estimate (Draft)

III. FY06 Forecast - Cash Flow (cont'd)

**Carryover/Beginning Balances by Fund
(Fed/State/Local-All Schools)**
(\$ in Millions)



Revenue by Fund (Fed/State/Local-All Schools)
(\$ in Millions)



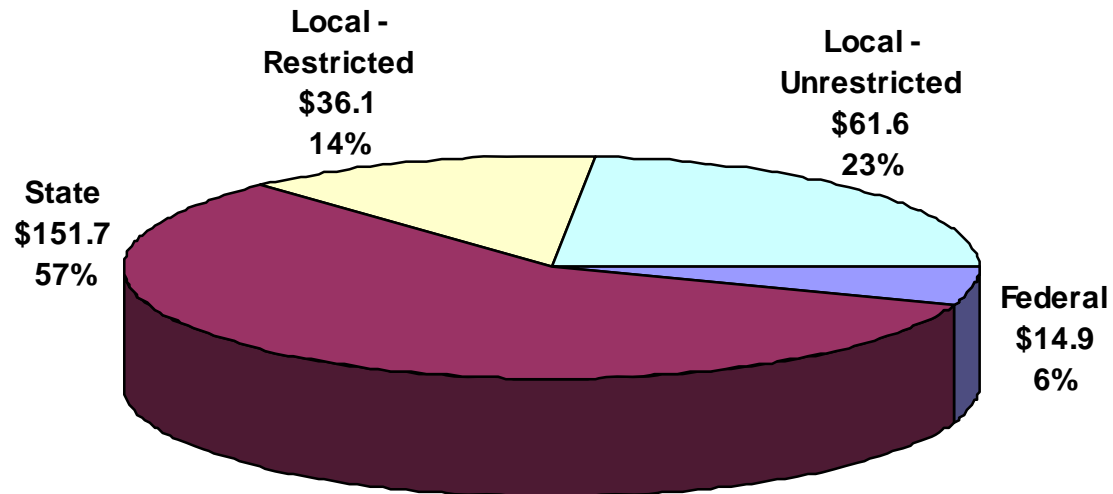
Most Revenue is RESTRICTED in purpose -- Only \$46 million or 19% is UNRESTRICTED

Note: Reflect cash receipts except as noted. Federal funds reflect approved appropriations. Excludes debt service, bonds/major cap, Food Service (non-payroll), Internal Funds & Network.
Source: Information provided by CSD (DFMS and PHRST).



III. FY06 Forecast - Cash Flow (cont'd)

Expenses by Fund (Fed/State/Local-All Schools)
(\$ in Millions)



Expenses Related to Local Unrestricted Appropriations Account for 23% of Total Expenses

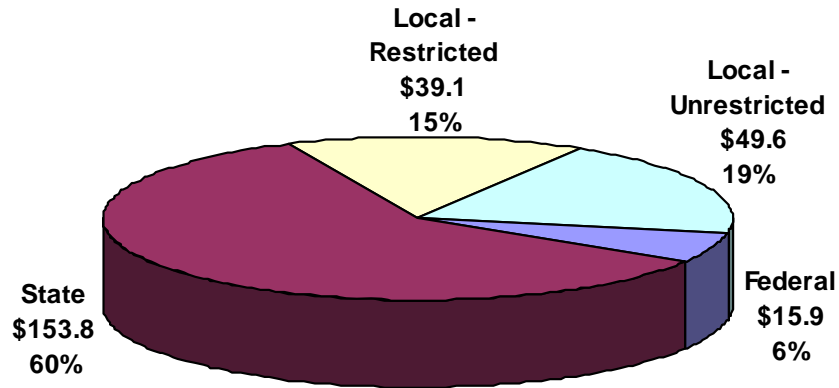
Note: Excludes debt service and major cap/bonds.
Source: Information provided by CSD (DFMS and PHRST).

Christina School District (CSD)

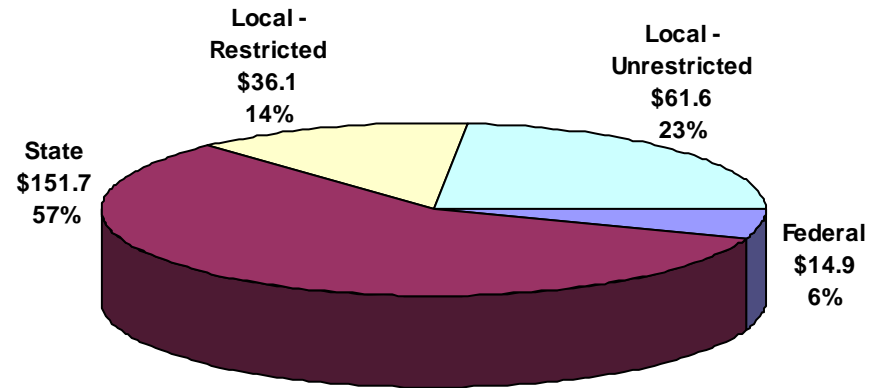
Preliminary Estimate (Draft)

III. FY06 Forecast - Cash Flow (cont'd)

Revenue & Carryover/Beginning Balances by Fund (Fed/State/Local-All Schools)
(\$ in Millions)



Expenses by Fund (Fed/State/Local-All Schools)
(\$ in Millions)



Local Unrestricted Expenses Greater than Revenue Plus Carryover Balance

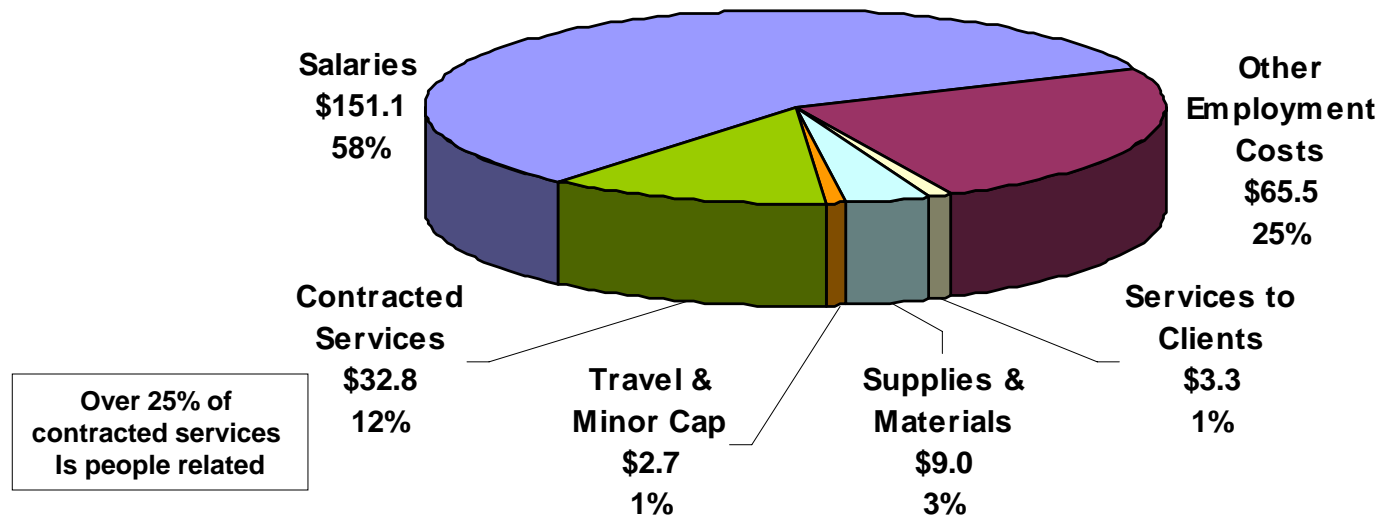
Note: Reflect cash receipts except as noted. Federal funds reflect approved appropriations. Excludes debt service, bonds/major cap, Food Service (non-payroll), Internal Funds & Network.
Source: Information provided by CSD (DFMS and PHRST).



III. FY06 Forecast - Cash Flow (cont'd)

Expenses (Fed/State/Local-All Schools)

(\$ in Millions)

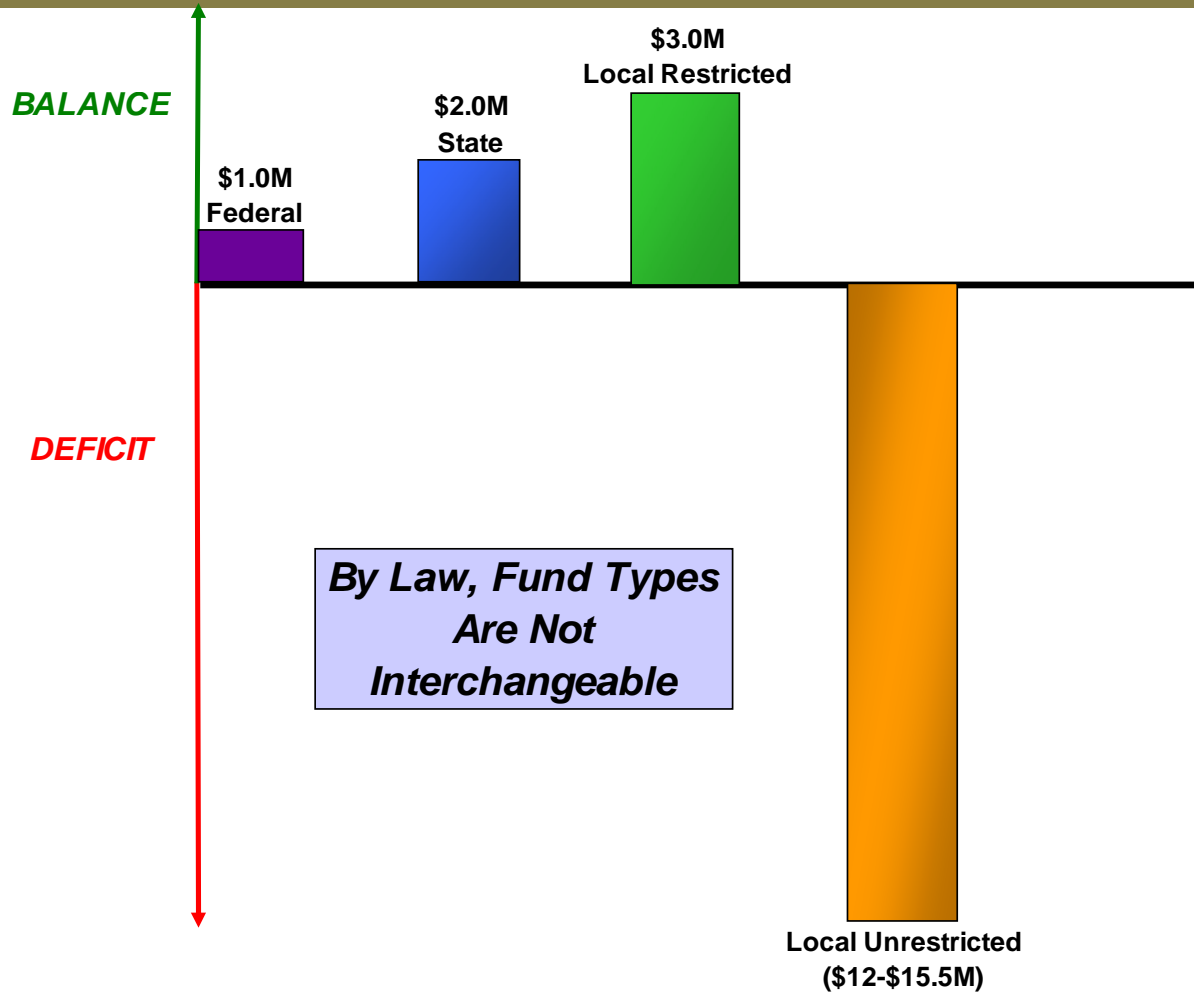


**85% of Total Expenses Are People-Related
(salaries / other employment costs / contracted services)**

Source: Information provided by CSD (DFMS and PHRST).



III. FY06 Forecast (cont'd)



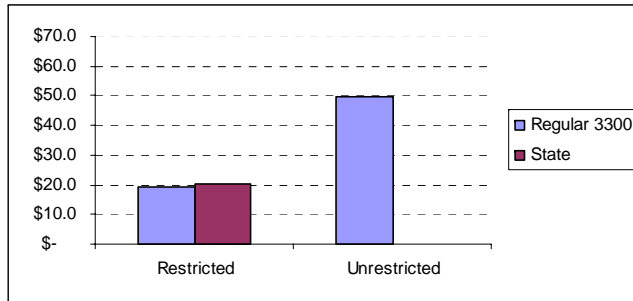
Christina School District (CSD)

Preliminary Estimate (Draft)

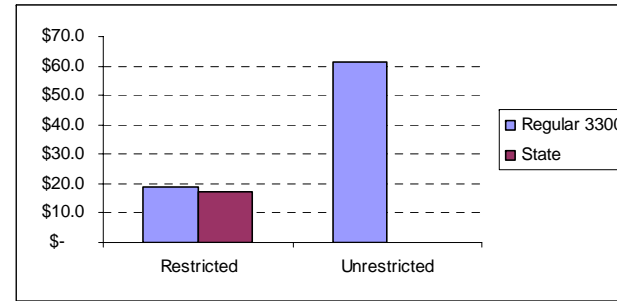
III. FY06 Forecast (cont'd) – Local Funds Only

CSD Schools vs. State Schools/Programs

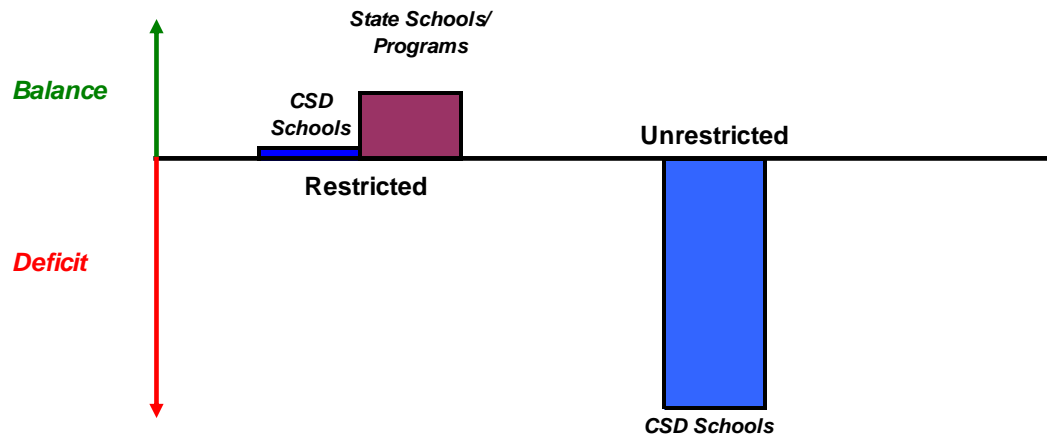
Revenue & Carryover Balances (\$ in Millions)



Expenses (\$ in Millions)



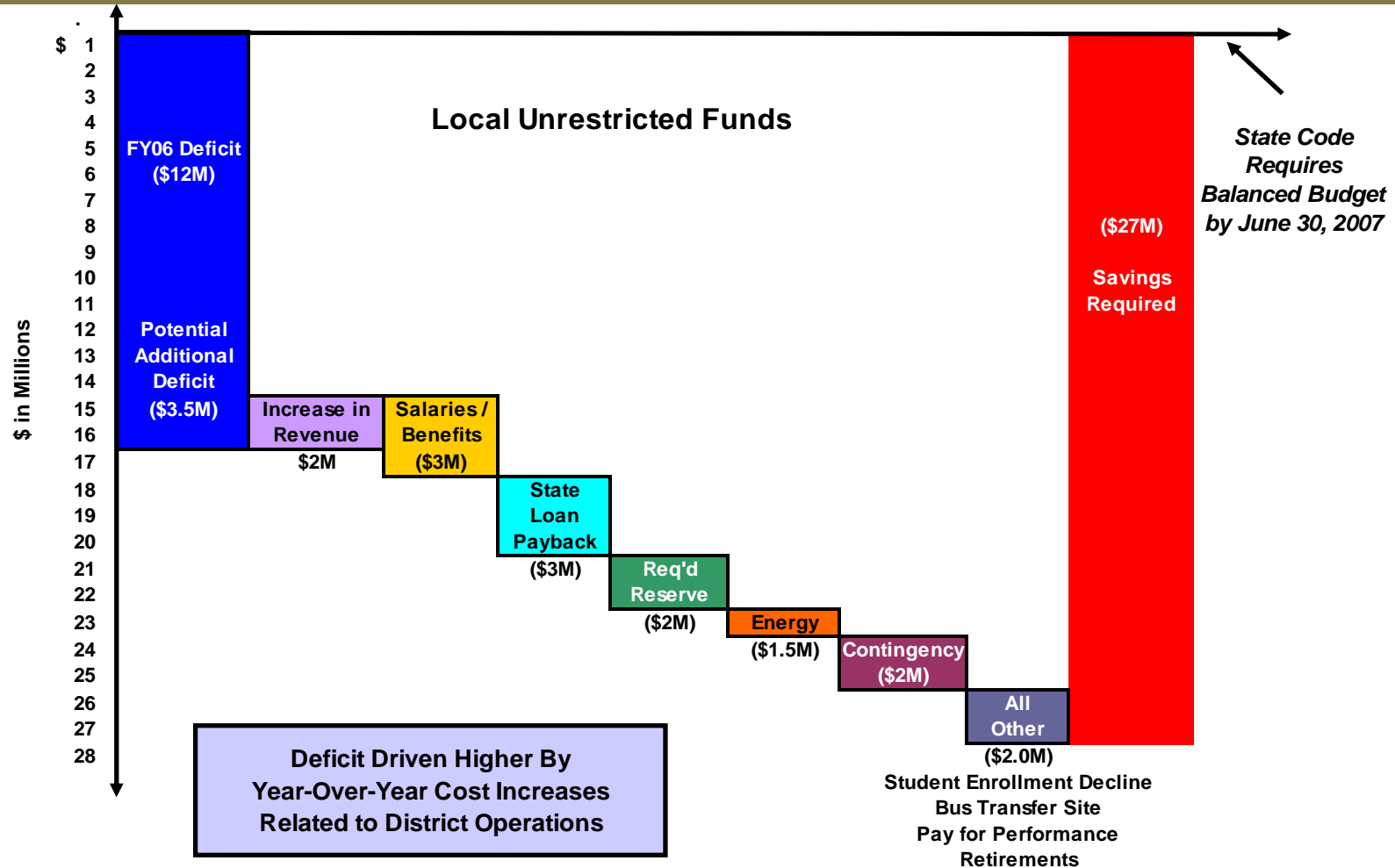
Balance / Deficit (\$ in Millions)



**State Schools & Programs DO NOT Have A Deficit in Local Funds
-- Deficit Only Applies to CSD Schools**



IV. FY07 Major Revenue & Cost Drivers – Year-over-Year Changes

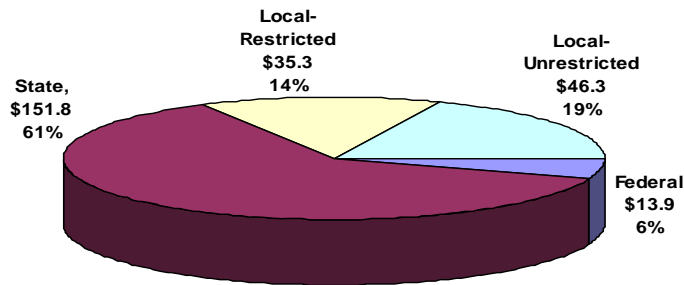


Christina School District (CSD)

Preliminary Estimate (Draft)

IV. FY07 Major Revenue & Cost Drivers (cont'd)

Revenue by Fund (Fed/State/Local-All Schools)
(\$ in Millions)



Operating Funds Total \$247.3M in FY06
(excluding carryover/beginning balances)
-- But Deficit Reduction Can Only Come
From 19% of Total Funds

Funding Restrictions Make Cost Reductions
More Difficult & More Painful

Local Unrestricted Funds (\$ in Millions)

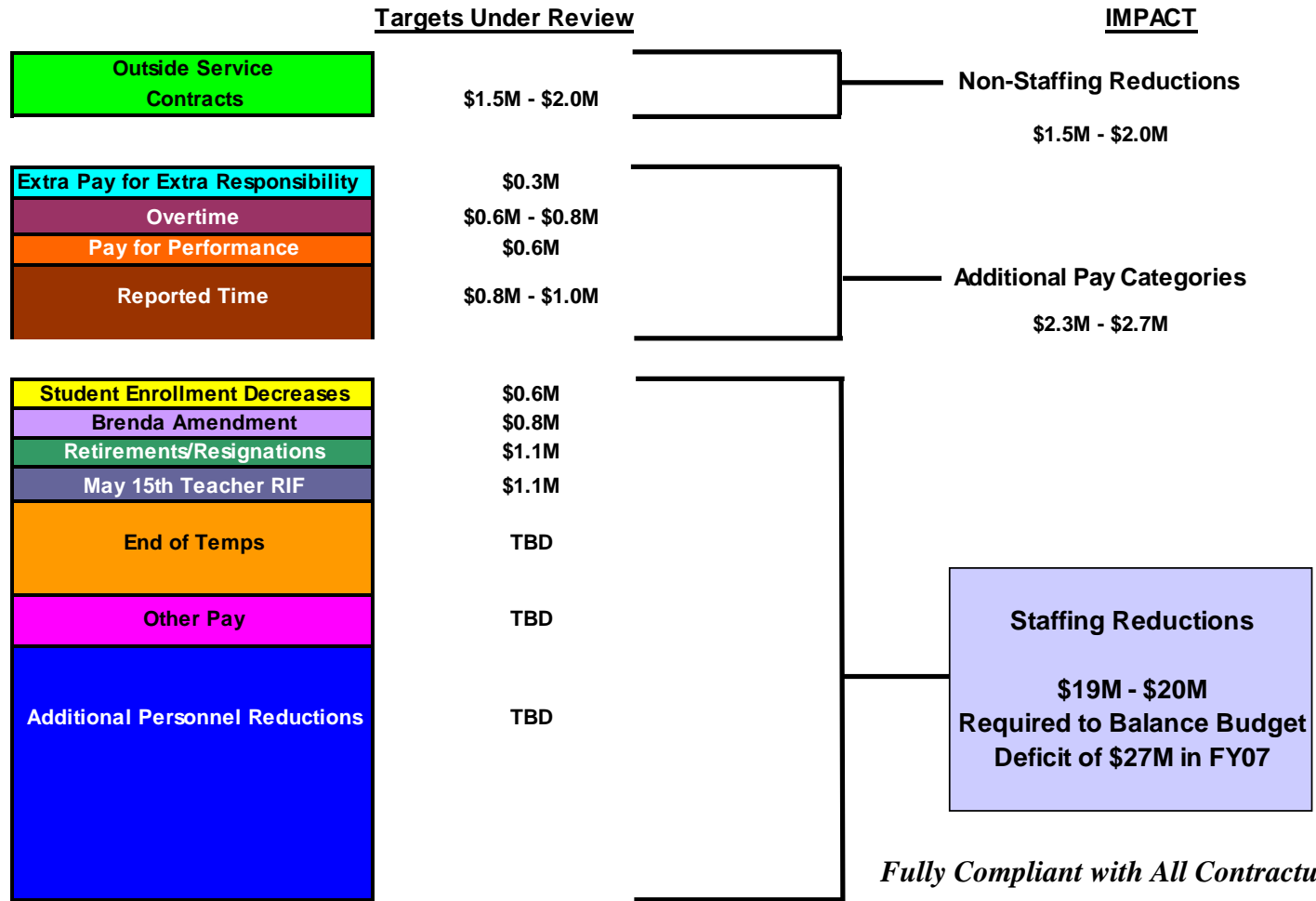
Carryover/Beginning Balances	\$	3.3
Revenue FY06		46.3
Incremental Revenue Increase FY07		2.0
Subtotal		51.6
Expenses FY06		(61.6)
Incremental Expense Increase FY07		(13.5)
Potential Additional Deficit		(3.5)
Subtotal		(78.6)
Projected FY07 Deficit	\$	(27.0)

By Law, Fund Types Are
Not Interchangeable

\$27M Deficit If We Do Nothing



V. Potential Cost Savings for FY07 to Balance the Budget



V. Additional Cost Savings Potential for FY07

- Contract Amendments to Union Agreements (cost increases to local funds required by union contracts) – Represents a FREEZE
- Contract EPER (Extra Pay for Extra Responsibility) Reduction
- Health Care (Medical Only): ALL employees pick up local portion
- Flex Credits for District Benefits (Dental, Supplemental Life, LTD, Vision, Rx) for ALL employees
- Salary Reduction for All Employees



VI. Next Steps

- Firm up the Following:
 - FY06 Deficit
 - FY07 Incremental Cost Increases
 - FY07 Cost Reductions
- Obtain Input from all Employee Groups by June 20, 2006
- Present FY07 Budget on June 27, 2006

