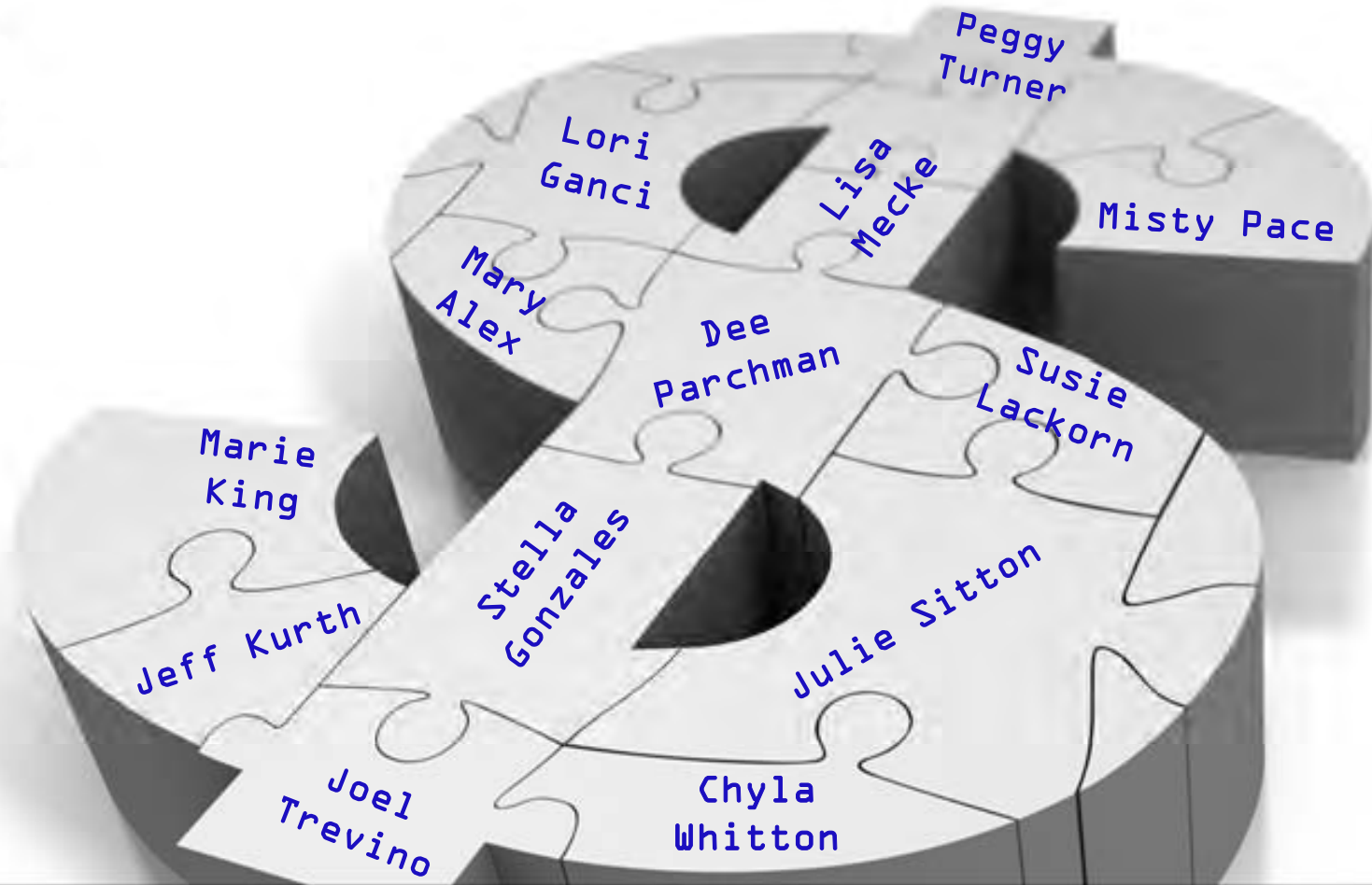




Piecing Together a New Plan

2011-2012 Budget Adoption

June 27, 2011



The Real Puzzlemasters

Thank you!



General Fund Revenue



2010-2011 Revenue vs. 2011-2012

NEISD General Fund	2010-2011	2011-2012 Proposed	Difference
Property Tax Revenue	\$282.8M	\$277.9M	(\$4.9M)
Other Local Revenue	4.4M	4.0M	(0.4M)
State Revenue	187.2M	174.1M	(13.1M)
TRS Revenue	23.5M	21.6M	(1.9M)
Federal Revenue & Other	6.2M	5.6M	(0.6M)
Total Revenue	\$504.1M	\$483.2M	(\$20.9M)

Under the proposed funding formula, NEISD will see a decline in revenue of \$20.9M in 2012 compared to 2011. Revenue would drop another \$7.6M in 2013.



State Foundation Program Cuts

A Tale of Two Cuts

- For 2011-2012, cuts are focused on regular program allotment
- For 2012-2013, most of the regular program allotment is restored, and cuts focus on "Additional State Aid for Tax Reduction", i.e., Hold Harmless funding
- As sent to Conference Committee, both the House and Senate versions result in the same revenue for NEISD for 2011-2012 & 2012-2013

State Foundation Program	2011-2012 Current Law	2011-2012 SB1	Difference	2012-2013 Current Law	2012-2013 SB1	Difference
Tier I (formula)	\$131.0M	\$107.2M	(\$23.8M)	\$141.8M	\$135.5M	(\$6.3M)
Tier II (Golden pennies)	8.0M	6.9M	(1.1M)	8.6M	8.3M	(0.3M)
Hold Harmless	60.4M	56.9M	(3.5M)	56.8M	21.0M	(35.8M)
Other	1.8M	1.8M	-	1.8M	1.8M	-
Total	\$201.2M	\$172.8M	(\$28.4M)	\$209.0	\$166.6M	(\$42.4M)



2011-2012 Effective Revenue Loss

NEISD General Fund	2011-2012 Current Law	2011-2012 Proposed	Difference
Property Tax Revenue	\$277.9M	\$277.9M	\$0.0M
Other Local Revenue	4.0M	4.0M	0.0M
State Revenue	202.5M	174.1M	(28.4M)
TRS Revenue	23.5M	21.6M	(1.9M)
Federal Revenue & Other	5.6M	5.6M	0.0M
Total Revenue	\$513.4M	\$483.2M	(\$30.3M)

Compared to the current funding formula law, NEISD will lose \$28.4M in 2012, all in State revenue. In addition, the amount the state contributes to the Teacher Retirement System is decreasing by \$1.9M, for a total of \$30.3M



Other Significant Revenue Cuts

- Tax Revenue is estimated to decrease \$4.9M, or 1.8%. This is completely due to lower NEISD property values
 - Despite the promises the State made in 2006 with the creation of Target Revenue, the State will not make up any of this loss.
- The State is also reducing funding for the Teachers' Retirement System by almost 10%; NEISD will record \$1.9M less TRS "on-behalf" revenue
 - This is offset by lower TRS "on-behalf" expenditures
- Federal Revenue will see a small decline for loss of indirect cost revenue related to ARRA grants.



General Fund Expenditures



Expenditure Increases for 2011-2012

Final 2010-2011 Budget (including State Fiscal Stabilization)	\$495.7M
Expenditure Increases	\$7.5M
Expenditure Reductions	(21.2M)
Expenditures Reclassified to Education Jobs Fund	(10.6M)
Net Change to Expenditures	(\$24.3M)
2011-2012 Budget	\$471.4M

Expenditure Increases	Amount
Costs to Absorb Educational Programs Losing Grant Funding:	\$1,6M
Increased Contribution to Repayment of QSCBs	0.3M
Increased District Share of Health Insurance	1.8M
Contingency for Additional Staff Hired After School Begins	3.0M
Other increases for net AARs, new schools start-up costs, etc	0.8M
Total Expenditure Increases	\$7.5M



Expenditure Reductions for 2011-2012

Expenditure Reductions	Amount
Central Office Positions Frozen/Eliminated (~52 FTEs, 6.2%)	(\$2.6M)
Eliminate Retention Supplement	(6.1M)
Lower Teacher Retirement System "on-behalf" payments	(1.9M)
Utility Savings	(0.5M)
Central Office Department Budget Reductions	(0.6M)
Total Before Campus Staffing Reductions	(\$11.7M)
Campus Staffing Reductions	
Elementary School Teachers(~32 FTEs, 1.6%)	(\$1.9M)
Middle School Teachers(~26 FTEs, 2.7%)	(1.6M)
High School Teachers(~35 FTEs, 2.7%)	(2.1M)
General Assistants & Clerical Admin – All levels(~65 FTEs, 3.9%)	(2.0M)
Campus Admin & Other Professionals – All Levels (~25 FTEs, 3.7%)	(1.9M)
Total Campus Staffing Reductions	(\$9.5M)
Grand Total Reductions	(\$21.2M)



Education Jobs Fund

- North East ISD was allocated \$10.6M
 - These funds are for one year only
- Funds must be used for compensation and benefits of school-level employees for the following allowable purposes:
 - To retain, recall, or rehire employees
 - To restore reductions in salaries, including furlough days
- This funding is a major reason why NEISD was able to add back a significant amount of the planned campus reductions
 - At least 140 teacher positions
 - At least 25 assistant and clerical positions



Education Jobs Fund

- Comparability problems
 - TEA required the State Fiscal Stabilization Fund (also a temporary federal stimulus program) be included as part of the adopted General Fund Budget
 - TEA is requiring the Education Jobs Fund be excluded from the 2012 General Fund Budget



2012 Budgeted Expenditures by Object

Compared to Final 2011 Budget

	FY2011 Final Amended Budget*	% of Total	FY2012 Budget	% of Total
Salaries & Benefits	\$428.3M	86.4%	\$403.7M	85.6%
Contracted Services	39.9M	8.1%	41.9M	8.9%
Supplies & Materials	19.4M	3.9%	17.4M	3.7%
Other Operating	5.6M	1.1%	5.6M	1.2%
Capital & Other Uses	2.5M	0.5%	2.8M	0.6%
Total Expenditures	\$ 495.7M	100.0%	\$471.4M	100.0%

* Including SFSP

** Including Education Jobs fund for comparison purposes



2012 Budgeted Expenditures by Object

Comparison Including Education Jobs Funds

	FY2011 Final Amended Budget*	% of Total	FY2012 Budget**	% of Total
Salaries & Benefits	\$428.3M	86.4%	\$414.3M	86.0%
Contracted Services	39.9M	8.1%	41.9M	8.7%
Supplies & Materials	19.4M	3.9%	17.4M	3.6%
Other Operating	5.6M	1.1%	5.6M	1.2%
Capital & Other Uses	2.5M	0.5%	2.8M	0.5%
Total Expenditures	\$ 495.7M	100.0%	\$482.0M	100.0%

* Including SF SF

** Including Education Jobs Fund



2012 Budgeted Expenditures by Function

Compared to Final 2011 Budget

	FY2011 Final Amended Budget*	% of Total	FY2012 Budget	% of Total
Instruction & Instructional Related Svcs	\$326.9M	66.0%	\$308.3M	65.4%
Instructional & School Leadership	37.3M	7.5%	35.1M	7.5%
Student Support Services	54.7M	11.0%	51.4M	10.9%
Non-Student Support Services	71.4M	14.4%	70.6M	14.9%
Other	5.4M	1.1%	6.0M	1.3%
Total Expenditures	\$ 495.7M	100.0%	\$471.4M	100.0%

* Including SFSF



2012 Budgeted Expenditures by Function

Comparison Including Education Jobs Funds

	FY2011 Final Amended Budget*	% of Total	FY2012 Budget**	% of Total
Instruction & Instructional Related Svcs	\$326.9M	66.0%	\$318.9M	66.2%
Instructional & School Leadership	37.3M	7.5%	35.1M	7.3%
Student Support Services	54.7M	11.0%	51.4M	10.7%
Non-Student Support Services	71.4M	14.4%	70.6M	14.6%
Other	5.4M	1.1%	6.0M	1.2%
Total Expenditures	\$ 495.7M	100.0%	\$482.0M	100.0%

* Including SFSE

** Including Education Jobs fund for comparison purposes



Debt Service Fund



Debt Service Fund Summary

	2010-11 Final Budget	2011-12 Budget
Total Revenue	\$ 101,028,772	\$ 99,760,375
Total Expenditures	87,298,416	106,724,974
Net Increase/(Decrease) to Fund Balance	\$13,730,356	(\$6,964,599)
Beginning Fund Balance	76,780,278	90,510,634
Ending Fund Balance	\$90,510,634	\$83,546,035



Debt Service Fund

- Significant Changes to Revenue
 - Property tax collections will be lower by \$2.8M, due to lower property values
 - Federal revenue will increase by \$1.5M, to record “on-behalf” payments by the federal government for QSCB interest.
 - NEISD does not pay the interest on the QSCBs, but will record the payment the feds make on our behalf as both revenue and expenditures (similar to how the General Fund records payments the state makes to TRS)
- Signification Changes to Expenditures
 - Bond repayment schedule includes higher payments in 2011-2012 for the 2004 Refunding Bonds and the 2007 Bonds



School Nutrition Services



School Nutrition Services Fund Summary

	2010-11 Final Budget	2011-12 Budget
Total Revenue	\$ 30,081,567	\$ 31,679,074
Total Expenditures	30,008,535	31,566,039
Net Increase/(Decrease) to Fund Balance	\$ 73,032	\$ 113,035
Beginning Fund Balance	7,714,703	7,787,735
Ending Fund Balance	\$ 7,787,735	\$ 7,900,770



Major Changes from 2010-2011

- Revenue growth of \$1.6M or 5.3%
 - Increase in Enrollment
 - Increase in Free & Reduced Meal Participation
 - Increase in Expected Federal Reimbursement Rate
 - Increase in Meal Prices due to requirements of Healthy, Hunger-Free Kids Act of 2010
 - Last meal price increase was for 2002-2003
- Growth of \$1.6M or 5.2%
 - \$0.2M – Staffing at Secondary Schools for Salad Bars
 - \$1.1M – Increases in Food Costs

Questions?

