



Piecing Together a New Plan

Presentation to NEISD Board of Trustees

March 28, 2011



What do we know?

A summary of 82nd Legislature to-date



House of Representatives

- Moved HB1 out of committee with a \$7.8 Billion reduction to the Foundation School Program (FSP) and a \$1.3 Billion reduction to grant programs
 - Assumes passage of HB275 that takes \$3.1 Billion from the “Rainy Day Fund” and dedicates \$2 Billion of it to education; else, FSP reduction is \$9.8 Billion
 - No school funding formulas described



Impact to NEISD

- \$66 Million reduction to General Fund revenue, and \$3 Million of grant programs absorbed (\$83 Million if HB275 not passed)
 - Amounts assume proration based on property value
- Most significant grant program absorbed is Technology Allotment



What do we know?

A summary of 82nd Legislature to-date



Senate

- No appropriations bill voted out of committee yet
 - Senate Subcommittee on Public Education Funding recommends FSP be reduced by \$4 Billion, and reduces grant funding \$900 Million
 - No school funding formulas finalized, but methods other than proration discussed, such as taking the majority of the cuts from the Target Revenue system's hold-harmless provision



Impact to NEISD

- \$40 Million reduction to General Fund revenue, and \$3 Million of grant programs absorbed
 - NEISD's share of total cut greater than if proration is used
- Most significant grant program absorbed is Technology Allotment



So, What's the Number?

House
(\$7.8 Billion)



Senate
(\$4 Billion)



Conference Committee
(\$?? Billion)



Budget bill may not be
finalized by conference
committee until May.



Impact to NEISD
(\$?? Million)



Impact to NEISD

How big is the pie and how big is our slice?



An appropriations bill only determines the total cut to education

- \$9.8 Billion – House without Rainy-Day Fund
- \$7.8 Billion – House with Rainy-Day Fund
- \$4.0 Billion – Senate subcommittee

A separate bill would determine the funding distribution system. This can change the impact to NEISD significantly.

Total Biennial Education Reduction	Possible Impact to NEISD Annual Revenue		
	All Districts Reduced Equal %	Reduction based on Property Wealth	Reduction primarily to “Hold Harmless”
\$9.8B	\$68M	\$83M	???
\$7.8B	\$54M	\$66M	\$80M
\$6.0B	\$40M	\$51M	\$60M
\$4.0B	\$27M	\$34M	\$40M



Preparing for 2011-2012

Three tiers of reductions

What-if scenarios prepared for annual revenue reductions of \$40 Million, \$50 Million, and \$60 Million

- Fund Balance absorbs a large portion of the revenue reduction
 - Before cuts, fund balance projected to grow by \$4M
 - After cuts, fund balance would be reduced by \$14M, \$16M, \$18M

Annual Revenue Reduction	Revenue Reduction Absorbed by Fund Balance	Net Reduction to Fund Balance in 2011-2012	% of Cut Absorbed by Fund Balance	Fund Balance @ June 30, 2012	Fund Balance @ June 30, 2013
\$40M	\$18M	\$14M	45%	\$78.0M (2.0 months)	\$59.2M (1.5 months)
\$50M	\$20M	\$16M	40%	\$76.0M (2.0 months)	\$55.2M (1.4 months)
\$60M	\$22M	\$18M	37%	\$74.0M (2.0 months)	\$51.2M (1.3 months)



NEISD Finances with \$40 Million Revenue Reduction

(in millions)	2010-2011	Growth	Before Revenue Reduction 2011-2012	Cuts	Revised 2011-2012	Growth	2012-2013
Revenue	\$505.5	6.4	\$512.0	(40.0)	\$472.0	0.0	\$472.0
Expenditures	485.6	22.2	507.8	(22.0)	485.8	5.0	490.8
Increase (Decrease) to Fund Balance	\$19.9		\$4.2		(\$13.8)		(\$18.8)
Beginning Fund Balance	71.9		91.8		91.8		78.0
Ending Fund Balance	\$91.8		\$96.0		\$78.0		\$59.2
Months of Operating Fund Balance	2.4		2.4		2.0		1.5



NEISD Finances with \$50 Million Revenue Reduction

(in millions)	2010-2011	Growth	Before Revenue Reduction 2011-2012	Cuts	Revised 2011-2012	Growth	2012-2013
Revenue	\$505.5	6.4	\$512.0	(50.0)	\$462.0	0.0	\$462.0
Expenditures	485.6	22.2	507.8	(30.0)	477.8	5.0	482.8
Increase (Decrease) to Fund Balance	\$19.9		\$4.2		(\$15.8)		(\$20.8)
Beginning Fund Balance	71.9		91.8		91.8		76.0
Ending Fund Balance	\$91.8		\$96.0		\$76.0		\$55.2
Months of Operating Fund Balance	2.4		2.4		2.0		1.4



NEISD Finances with \$60 Million Revenue Reduction

(in millions)	2010-2011	Growth	Before Revenue Reduction 2011-2012	Cuts	Revised 2011-2012	Growth	2012-2013
Revenue	\$505.5	6.4	\$512.0	(60.0)	\$452.0	0.0	\$452.0
Expenditures	485.6	22.2	507.8	(38.0)	469.8	5.0	474.8
Increase (Decrease) to Fund Balance	\$19.9		\$4.2		(\$17.8)		(\$22.8)
Beginning Fund Balance	71.9		91.8		91.8		74.0
Ending Fund Balance	\$91.8		\$96.0		\$74.0		\$51.2
Months of Operating Fund Balance	2.4		2.4		2.0		1.3



Comparison of Three Scenarios

Revenue Reduction	\$ 60,000		\$ 50,000		\$ 40,000	
Amount From Fund Balance	\$ (22,000)		\$ (20,000)		\$ (18,000)	
Absorbing Grant Programs	\$ 3,000		\$ 3,000		\$ 3,000	
Cuts Required	\$ 41,000		\$ 33,000		\$ 25,000	
Amounts in \$000s	Cuts Identified	Cumulative Amount	Cuts Identified	Cumulative Amount	Cuts Identified	Cumulative Amount
Eliminate Pay Raise	\$ 9,300	\$ 9,300	\$ 9,300	\$ 9,300	\$ 9,300	\$ 9,300
Central Office Staffing Freeze	\$ 1,500	\$ 10,800	\$ 1,500	\$ 10,800	\$ 1,500	\$ 10,800
Eliminate Retention	\$ 5,900	\$ 16,700	\$ 5,900	\$ 16,700	\$ 5,900	\$ 16,700
Utilities	\$ 400	\$ 17,100	\$ 400	\$ 17,100	\$ 400	\$ 17,100
Reduce AARs & Contingencies	\$ 1,900	\$ 19,000	\$ 1,900	\$ 19,000	\$ 1,900	\$ 19,000
Don't Add Teachers for Growth	\$ 4,100	\$ 23,100	\$ 4,100	\$ 23,100	\$ 4,100	\$ 23,100
Extra Contract Days	\$ 250	\$ 23,350	\$ 125	\$ 23,225	\$ 125	\$ 23,225
Campus/Department Spending	\$ 350	\$ 23,700	\$ 300	\$ 23,525	\$ 300	\$ 23,525
Stipends	\$ 585	\$ 24,285	\$ 390	\$ 23,915	\$ 125	\$ 23,650
Furlough Days	\$ 1,508	\$ 25,793	\$ 560	\$ 24,475	\$ 560	\$ 24,210
Elementary Staffing	\$ 8,519	\$ 34,312	\$ 6,370	\$ 30,845	\$ 702	\$ 24,912
Middle School Staffing	\$ 1,122	\$ 35,434	\$ 612	\$ 31,457	\$ -	\$ 24,912
High School Staffing	\$ 2,066	\$ 37,500	\$ 1,046	\$ 32,503	\$ -	\$ 24,912
Other Campus Staffing	\$ 3,084	\$ 40,584	\$ 561	\$ 33,064	\$ -	\$ 24,912
<i>Campus Share (approximate)</i>	\$ 34,756	86%	\$ 27,675	84%	\$ 19,523	78%
<i>Central Office Share (approximate)</i>	\$ 5,828	14%	\$ 5,389	16%	\$ 5,389	22%



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First \$23.1M of Reductions are Common to All 3 Scenarios



Preparing for 2011-2012

Three tiers of reductions

Components similar at each level (\$23.1 Million Total)

- Pay Frozen (\$9.3M)
 - Even under NEISD's current austerity program, a 2.5% pay increase was planned
- Retention supplement eliminated (\$5.9M)
 - Currently 2% of midpoint up to \$1,000
- No new teachers hired to accommodate more than 1,100 new students (\$4.1M)
- Majority of Central Office vacancies eliminated/frozen (\$1.5M)
 - Approximately 34 FTEs
- Utility usage reduced by changing start and end times of HVAC systems (\$0.4M)
- Increases to budget(AARs) limited to addressing legal mandates, safety concerns, fuel/utility inflation (\$1.2M)
- Reduced contingencies to address staffing requirements after first day of instruction (\$0.7M)



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Next: Other Reductions not Affecting Campus Staffing



Preparing for 2011-2012

Other Reductions not Affecting Campus Staff Ratios

Reduce Extra Contract Days

- Several teachers have contracts greater than the standard 187-day contract
 - In the \$40M and \$50M scenarios, up to 5 days could be reduced
 - In the \$60M scenario, up to 10 days could be reduced

Managed Spending

- Campus and department budgets have already been reduced by 10% as part of NEISD's austerity program
 - In all scenarios, central office spending is reduced an additional 2%
 - In the \$60M scenarios, campus spending is reduced an additional 1%

Stipends

- Total stipends district-wide are approximately \$9M
 - Reductions are approximately 1.4%, 4.3%, and 6.5%
 - Legislative action may prevent NEISD from reducing stipends



Preparing for 2011-2012

Other Reductions not Affecting Campus Staff Ratios

Reducing Contract & Work Days

- Under current law, 187-day teachers can not be reduced days
- Reductions would be limited to employees with work schedules greater than 190 days
 - This excludes bus drivers & bus assistants, instructional assistants, campus school nutrition employees

Annual Revenue Reduction	Administrators & Other Professionals	Para-professionals	Custodians & Other Auxiliary
\$40M	2 Days \$455,000 Value	2 Days \$105,000 Value	None
\$50M	2 Days \$455,000 Value	2 Days \$105,000 Value	None
\$60M	4 Days \$910,000 Value	4 Days \$210,000 Value	4 Days \$388,000 Value



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Proposed Changes to Campus Staffing (if necessary)



Campus Staffing -- \$50M Scenario

Elementary	Current Ratio	Proposed Ratio	Cost/Savings	FTE +/-
PK Teachers	44:1	44:1	\$255,000	-5.0
PK Assistants	1:1	1:1	\$192,000	-6.0
K-4 Teachers	21.9:1	<i>Up to 24:1</i>	\$4,300,000	-82.0
K-4 Assistants	--	--	\$960,000	-30.0
5 th Teachers	26:1	26:1	\$153,000	-3.0
PE Teachers	650:1	675:1	No Increase	0.0
Unassigned Teachers	--	--	\$510,000	-10.0

Middle	Current Ratio	Proposed Ratio	Cost/Savings	FTE +/-
6 th Grade	148:1	160:1	\$612,000	-11.0
7 th Grade	160:1	170:1		
8 th Grade	160:1	170:1		

High	Current Ratio	Proposed Ratio	Cost/Savings	FTE +/-
Bulk Allocation	21:1	21.5:1	\$1,045,500	-40.5



Campus Staffing – \$50M Scenario

Other Allocations – All School Levels	Current Ratio	Proposed Ratio	Cost/Savings	FTE +/-
AP/Counselor/Fam. Spec.	Various	3.5% Reduct.	\$561,000	-11.0



Campus Staffing -- \$60M Scenario

Elementary	Current Ratio	Proposed Ratio	Cost/Savings	FTE +/-
PK Teachers	44:1	45:1	\$255,000	-5.0
PK Assistants	1:1	1:1	\$192,000	-6.0
K-4 Teachers	21.9:1	24:1	\$5,559,000	-106.0
K-4 Assistants	--	--	\$1,232,000	-38.5
5 th Teachers	26:1	27:1	\$357,000	-7.0
PE Teachers	650:1	700:1	\$ 159,000	-3.0
Music Teachers	--	7% Reduct.	\$255,000	-5.0
Unassigned Teachers	--	--	\$510,000	-10.0

Middle	Current Ratio	Proposed Ratio	Cost/Savings	FTE +/-
6 th Grade	148:1	170:1	\$1,122,000	-22.0
7 th Grade	160:1	175:1		
8 th Grade	160:1	175:1		

High	Current Ratio	Proposed Ratio	Cost/Savings	FTE +/-
Bulk Allocation	21:1	22.0:1	\$2,065,500	-40.5



Campus Staffing – \$60M Scenario

Other Allocations	Current Ratio	Proposed Ratio	Cost/Savings	FTE +/-
AP/Counselor/Fam. Spec.		7.0% Reduct.	\$1,505,000	-21.5
Librarians		7.0% Reduct.	\$255,000	-5.0
ESOL		7.0% Reduct.	\$204,000	-4.0
Assistants		7.0% Reduct.	\$1,120,000	-35.0

Questions?

