

The 2011-12 General Fund Budget development has been severely affected by a major reduction in funding from the State. This is a result of the State utilizing American Recovery and Reinvestment Act (ARRA) Funds to balance the State Budget during the most recent two prior years. This budget reflects both direct and indirect reductions as a result of both the downturn in the economy and the loss of the ARRA funding for 2011-12.

The District received \$479,133 in ARRA Fiscal Stabilization Funds and \$84,636 in ARRA IDEA Funds in 2010-11. These line items are zero for 2011-12. The District normally expects to receive a minimum 2% increase in Basic Education funding from the State. The current Basic Education increase is projected at 1.6% resulting in the District receiving an additional \$61,170 in funding. Besides the above mentioned changes the State also eliminated Charter School reimbursement a \$53,396 reduction over 2010-11; Educational Assistance Program funding, a \$24,286 reduction over 2010-11; Accountability Block Grant funding, a \$126,815 reduction over 2010-11. In summary the 2011-12 General Fund budget reflects a reduction in revenue of \$707,096 over what would normally be expected in funding when future increases are based on prior year revenue. Of the above mentioned reductions the District anticipated the elimination of the ARRA IDEA funding. We were told to expect a reduction due to ARRA Fiscal Stabilization funding be eliminated, but no one expected the 100% loss of that funding without the State making up a portion of that loss. The loss in Charter School Reimbursement, EAP and ABG funding was not expected.

This final proposed budget includes the above reductions in revenue. It also includes the indexed limit real estate tax increase of 2%. It also includes projected staffing changes due to the loss of Grant Funding and enrollment declines.

One teaching position was curtailed due to the loss of ARRA IDEA funding. This teaching position was only planned as a two year position for the 2009-10 and the 2010-11 school years. One and one-half teaching positions were curtailed due to the loss of Accountability Block Grant funding. One teaching position was curtailed due to the loss of Education Assistance Grant funding. Due to declining enrollment the 2011-12 teacher staffing for 3<sup>rd</sup> grade was reduced from three to two teachers. The high school half-time teacher "Time Out Facilitator" position was curtailed. The Governor's Budget proposal does not include Classrooms of the Future funding thereby requiring the District to curtail this half time teaching position. Due to reductions in Title I and Title II funding the class size reduction and projected kindergarten enrollment, the 4<sup>th</sup> half day kindergarten teaching position has been curtailed. These above position changes total the equivalent of six full time teaching positions being curtailed.

All other line items of the Budget were estimated based on current expectations of cost increases or planning changes.

This Budget presentation utilizes \$658,978 of fund balance to balance expenditures with the above mentioned reduced revenue. Though not included in this budget, the State House of Representatives has approved an additional \$199,218 in basic education funding and \$49,824 in Accountability Block Grant funding. This possible increased basic education funding will reduce the amount of fund balance required down to a more workable level. Note, to count on this additional funding the State Senate and the Governor both have to approve these increases. If the State does not return more of the funding in 2012-13 and 2013-14 from what it eliminated with the 2011-12 Education Funding Budget, the District will be faced with additional staff reductions.