



## Frequently Asked Questions re: BVSD's Budget for 2009-2010

### **1. Q. What is the adopted 2008-2009 BVSD annual operating budget?**

**Answer:** This year's operating budget (in millions of dollars) is as follows:

Prior Year Reserves	\$ 13.6 (TABOR contingency and other required reserves)
Carryover	\$ 2.4
One-time Funds	\$ 3.6
Total Beginning Balance	\$ 19.6
Revenues	\$231.2
Total Resources	\$250.8
Expenditures	\$208.7
Transfers	\$ 28.0
Required Reserves	\$ 13.8
Total Uses	\$250.5
Budgeted Ending Balance	\$ 0.3

*(PLEASE NOTE: The adopted budget figures displayed above reflect a nearly \$1 million rescission by the state from BVSD during the 2008-2009 fiscal year. This rescission was also a cut to BVSD base funding going forward into the next fiscal year.)*

### **2. Q. What is the proposed 2009-2010 BVSD annual operating budget?**

**Answer:** Next year's proposed operating budget (in millions of dollars) is as follows:

Prior Year Reserves	\$ 13.8 (TABOR, contingency and other reserves)
Carryover	\$ 1.0 (textbooks – science & music)
One-time Funds	\$ 0.0
Total Beginning Balance	\$ 14.5
Revenues	\$238.2
Total Resources	\$252.8
Expenditures	\$207.1
Transfers	\$ 28.2
Required Reserves	\$ 17.5 (includes \$3.8M Fiscal Emergency Restricted Reserve)
Total Uses	\$252.8
Budgeted Ending Balance	\$ 0.0

**3. Q. Don't these numbers show an increase in revenues from this fiscal year of \$7 million for the 2009-2010 fiscal year and isn't all that money available for raises?**

**Answer:** Yes, the above numbers show a \$7 million increase in revenue but no, not all of it is available to fund an ongoing cost of living increase. In fact, only \$3.2 million of the \$7 million is available as an ongoing increase in district funding. The remaining \$3.8 million is required to be held by language in Senate Bill09-256, the 2009-2010 amendments to the Colorado School Finance Act until at least January 29, 2010 if not longer.

**4. Q. During the current (2008-2009) fiscal year, how much per pupil revenue (PPR) did BVSD receive?**

**Answer:** The total PPR for BVSD for the current year is \$6,830 from the following sources:

Per Pupil Operating Revenue	\$6,532
Risk Management Fund	\$ 151
Capital Project Fund	\$ 147
Total Available Per Pupil Revenue	\$6,830

**5. Q. Under the 2009-2010 amendments to the Colorado School Finance Act, how much per pupil operating revenue (PPR) will BVSD receive next year?**

**Answer:** The total PPR for the 2009-2010 fiscal year, as approved by the state legislature, is:

Per Pupil Operating Revenue	\$6,730
Risk Management Fund	\$ 148
Capital Project Fund	\$ 127
Total Available Per Pupil Revenue	\$7,004

Fiscal Emergency Restricted Reserve	\$ 140 (withheld by state law at least January 29, 2010)
Total 08-09 Per Pupil Revenue	\$7,145 (with \$1 rounding)

**6. Q. What is the projected growth or decline in BVSD enrollment in 2009-2010?**

**Answer:** Overall, BVSD enrollment is expected to decline by 152.8 full time equivalent (FTE) students. However, because BVSD charter schools are projected to grow by an additional 29.5 FTE, the financial impact to the BVSD general fund for all non-charter district schools is predicted to be a decline of 182.3 FTE. Declining enrollment equals less revenue.

**7. Q. It has been stated that BVSD has \$20 million more to spend in 2008-2009 than the previous year. Is this true?**

**Answer:** No. The 2007-08 audited ending fund balance in the general operating fund was \$19.6M and comprised of the following (in millions of dollars):

Required Reserves	\$ 13.6 (TABOR & Contingency)
Carryover	\$ 2.4 (textbooks, SRA, Medicaid)
One-time Funds	\$ 3.6 (variance of total sources over total uses)
Total 07-08 Ending Balance	\$ 19.6 (equals 2008-2009 BVSD beginning operating balance)

The TABOR reserve (3%) is mandated by the Colorado Constitution as an element of the 1992 TABOR ballot proposal designed to limit taxation. TABOR reserves are only available for the

most catastrophic occurrences and must be paid back in full the next fiscal year. With the passage Senate Bill 09-256 (the 2009-2010 School Finance Act amendments), school districts are now allowed to use real property (buildings) as all or a portion of the required reserve. A letter of credit from an investment grade bank may also be used for all or a portion of the required TABOR reserve. If a district utilizes either of these methods, a minimum of a 3% cash reserve must be maintained in addition to this non-cash TABOR reserve. If any amount of the additional 3% cash reserve is used in a fiscal year, repayment of the reserve is required within 36 months of the first draw.

Historically, the district has maintained a reserve above the required TABOR reserve. This reserve fund is more readily accessible in an emergency, and current school district policy requires a minimum of an additional 3% operating reserve.

With any reserve account, like an individual's 'emergency savings account', the funds are non-reoccurring and intended to fill a temporary shortfall in revenue or unexpected expense. Once used, they are not automatically replenished. Reserve funds do not provide a sustainable funding stream for future expenditures. Given the magnitude of the shift in this reserve requirement, careful consideration must be given to the long-term impacts to the district and its taxpayers of making a shift in reserves to real property or a letter of credit.

The \$2.4 million in carryover funds from 2007-2008 were committed to textbooks, school resource accounts (SRAs), and Medicaid payments. This carryover and an additional \$3.6 million in one-time expenditures are not, by their nature, funded from ongoing revenue. These one-time funds supported the following activities in the 2008-09 school year and are not funded in 2009-10:

- 7.939 Elementary classroom teacher FTE
- 5.25 Elementary teacher FTE for Read to Achieve/Intervention Services
- \$250K Bond support – moving, packing, coordinating (costs not allowed in the Bond fund)
- \$209K for Middle Level Advisory
- \$255K for Freshmen Seminar
- \$275K for School Improvement PD support (TIES training, subs, extra pay, etc.)
- \$114K for Middle Level Interventionists
- 1.0 FTE ESL teacher
- 1.0 FTE Health Curriculum Coordinator
- 0.73 FTE Safe & Drug Free Schools Coordinator
- \$75K for New Educator Orientation (two days at per diem pay)

**8. Q. While the TABOR reserve and the carryover and one-time funds do not represent an available source of dollars for a cost of living adjustment (COLA), couldn't the district use all or a portion of its own 3% reserve for an increase to BVSD's salary base?**

**Answer:** It could but BVSD administration believes that reserves are for unexpected one-time expenditures or emergencies and not for ongoing funded expenditures. This policy has allowed BVSD to maintain financial stability.

**9. Q. How much does it cost to give BVSD step increases and a 1% COLA for 2009-2010?**

**Answer:** The amounts, broken out by BVSD employee groups for the general operating and transportation funds, are:

<b>Steps:</b>	<b>Step Cost</b>	<b>1% COLA Cost</b>
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BVEA	\$2,675,289	\$1,222,816
BVCEA	\$ 292,719	\$ 167,441
BVPA	\$ 241,142	\$ 83,442
BVEOP	\$ 156,862	\$ 85,225
Admin B	\$ 127,160	\$ 87,066
Admin C	\$ 69,330	\$ 41,893
Prof-Tech	\$ 82,060	\$ 49,526
Others	\$ 79,746	\$ 30,090
<b>Total</b>	<b>\$3,724,308</b>	<b>\$1,767,499</b>

BVSD Budget Services estimates that normal attrition (resignations, retirements, etc.) covers about \$2.2 million of the BVEA steps, and about \$200 thousand of the remaining \$1 million for other groups.

**10. Q. From the district’s point of view, why is a 1% stipend more prudent than a 1% or higher COLA?**

**Answer:** From BVSD’s viewpoint, a 1% stipend guaranteed only for 2009-2010 as opposed to a COLA built into the budget on an annual basis provides the district financial protection if one or both of the following negative actions occur. These are:

- State and local revenues continue to come in below projection in the fall of 2009 and the state government declares a fiscal emergency thereby cutting the \$3.8 million in 2009-2010 funding currently being held in reserve, and
- Preliminary state revenue projections for the 2010-2011 fiscal year prove to be as bad or worse as currently expected.

BVSD is asking teachers and all other employees to accept the stipend approach as way of jointly sharing the financial risk of the next two fiscal years.