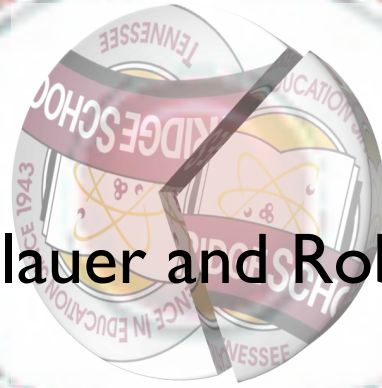


Oak Ridge Schools Budget Presentation to City Council

Keys Fillauer and Robert Eby



Oak Ridge City Schools

For approximately ten years, Oak Ridge City Schools has worked hard to support and embrace the City Financial Model. On October 11, 2006 the Board of Education continued to discuss the City Financial Model that calls for a flat tax rate or less. Board members were vocal in their thoughts that a flat tax rate without establishing city priorities could be detrimental to the school system now and in the future. However, the Superintendent and Board have tried very hard to honor the City Financial Model.

Oak Ridge City Schools

November 6, 2006, the City Council and School Board held a joint meeting so that City Council could better understand how the school budget is developed, is discussed and reviewed publicly line item by line item, what the expectations are and how the Schools see the future funding needs. Central to the discussion were the following topics:

- The budget process including budget timeline and its relationship to the release of county, city, state and federal allocations.
- Discussion of new and existing budget considerations.

Oak Ridge City Schools

- Security: SRO's (School Resource Officers), cameras, security systems.
- Technology
- CIP
- Alternative Education
- NCLB (No Child Left Behind) and State regulations.
- Long-term financial picture for the district as it relates to the City's Strategic Plan and fiscal assumptions.

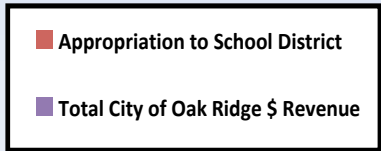
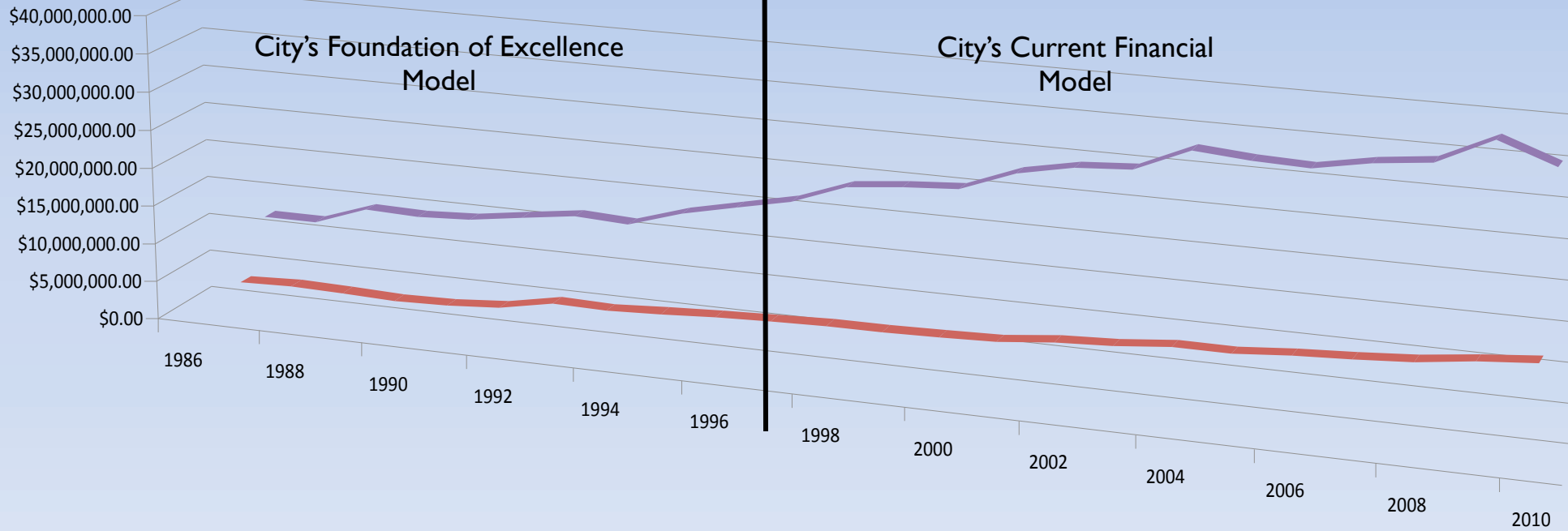
The Board also requested adding to this meeting an opportunity for the City to discuss its budget development process with the Board.

Oak Ridge City Schools

Revenue Facts

- Total City of Oak Ridge Revenue has increased by over 307% since 1987 while the school appropriation has not kept up, increasing only 248% over that same period.
- Since 1987 Oak Ridge Schools revenue as a percentage of total City revenue has decreased by 10% as of 2010. During this same period even larger decreases have occurred on occasional annual basis.

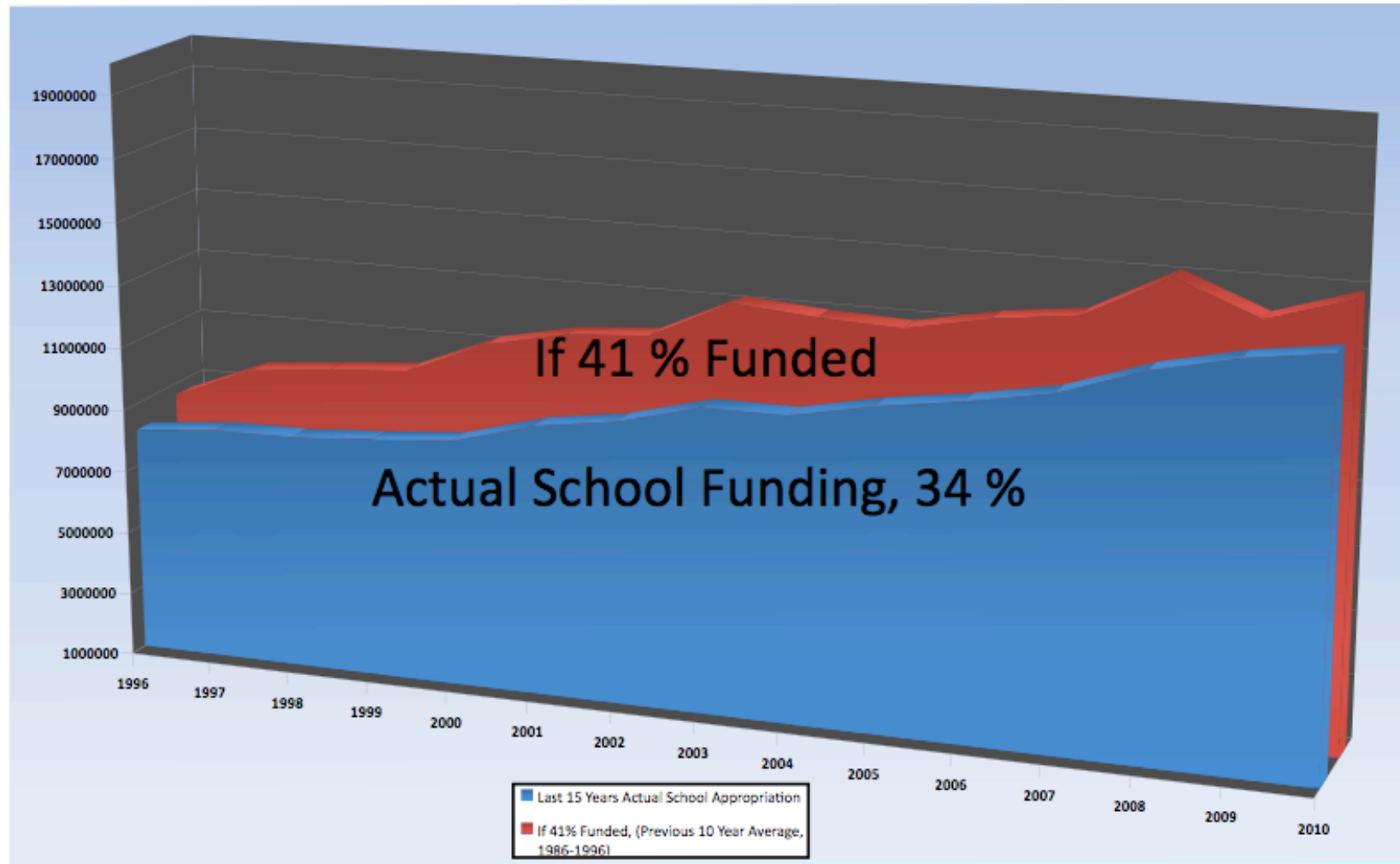
School Appropriations vs. City Revenue Growth



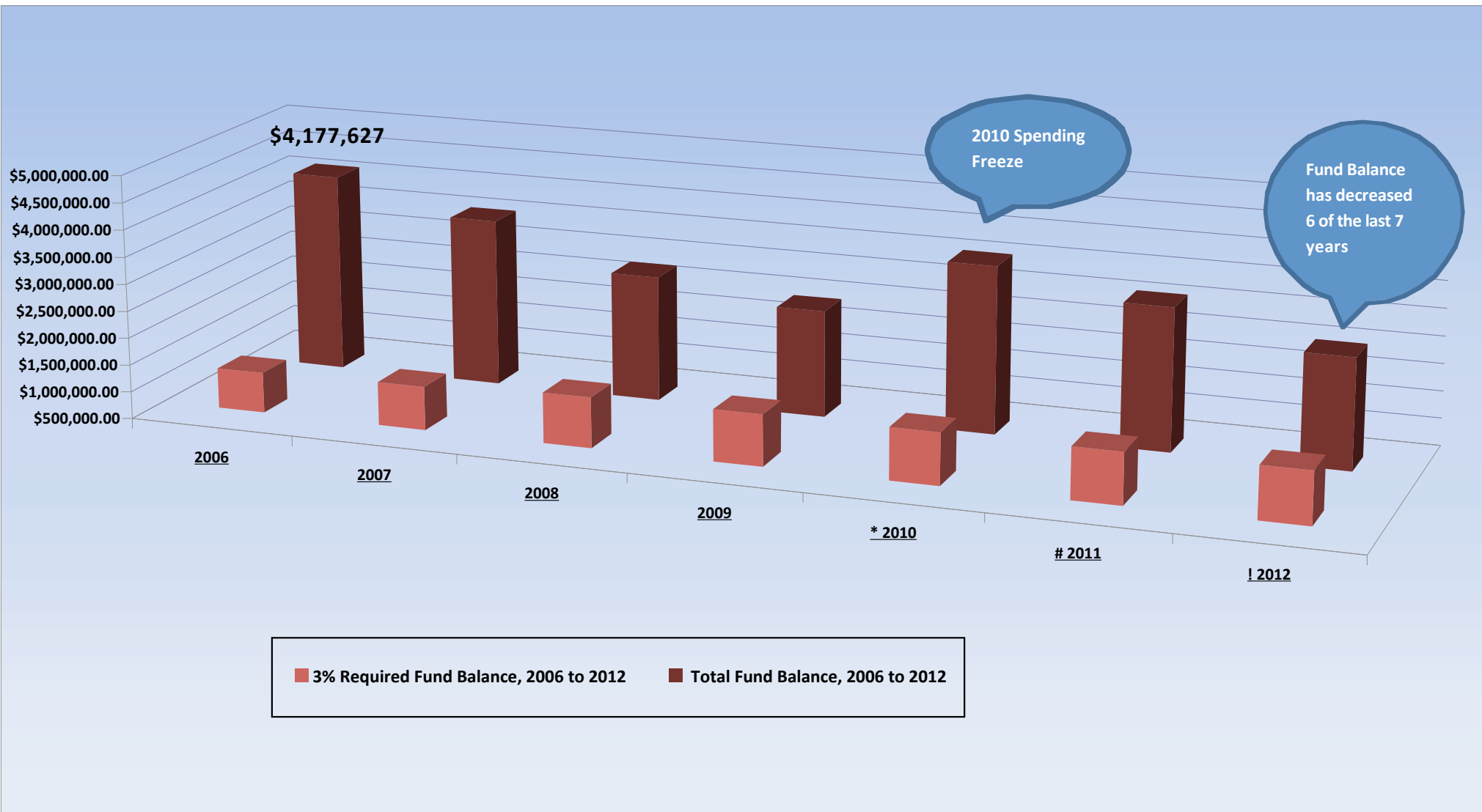
Oak Ridge City Schools

- 1986 to 1996 the average for school appropriations was 41% of the total city revenue
- From 1997 to 2010, the average dropped to 34.53%
- If the school appropriations would have stayed at the 41% average of city revenue, the schools would have received \$25,175,599 additional during that time period
- In FY' 10, that difference would have been an additional \$959,658 to the schools

1996 - 2009 Actual School District Appropriation vs. Previous 10 Year Average



Fund Balance has decreased six of the last seven years. The one year exception was due to a spending freeze imposed in FY 2010



Oak Ridge City Schools

- The Superintendent starts his budget presentation every year with the same general opening statement: “Everything I present tonight will change as we receive additional financial information from the Federal, State and City funding sources.” You will see that in our presentation tonight.
- The Superintendent’s recommended budget for FY 2012 was again a maintenance budget or less.

Oak Ridge City Schools

- The Board of Education for the past nine or more years has had to make reductions that are so deep that they are doing damage to our schools.
- If we have to take additional cuts , the delivery of instruction will continue to be negatively impacted.
- Some citizens/officials believe we can continue to absorb endless reductions without affecting student opportunities and outcomes. That is simply not true.

Oak Ridge City Schools

- As a Board, we have been careful fiscal stewards, placing our emphasis on student experiences and learning.
- Over the past years, Oak Ridge Schools has saved more than \$1.3 million through budget reductions and expenditure controls. This has resulted in the loss of positions at all levels and loss of programs offered to our students.

Oak Ridge City Schools

Cuts over the past several years:

- 12 Teacher Assistant positions district wide
- 1.6 ORHS teachers
- 2 positions in Transportation
- 1 secretary position central office
- 2 student secretary positions central office
- Court liaison central office
- .20 accounting position central office
- 1 human sexuality consultant
- Partners in Education program
- Middle school activities bus
- Morning transportation for pre-school
- Artists in Residence program

Oak Ridge City Schools

Cuts over the past several years (cont.):

- Tremont 6th grade program
- Summer library program district wide
- Driver's Education Program
- SECME funding
- Summer Band camp
- 2 supplements for Professional Library
- Elementary Foreign Language Program
- Willow Brook Transition Program

Approximately **\$1,271,880** Reoccurring Funds

Oak Ridge City Schools

Other factors that have and are affecting School System Budget:

- State regulations changed on student fees and the LEA had to pick up \$120,000 funding.
- Certified Retirement Rate Increased last year and was absorbed in our budget costing approximately: \$656,773.
- English Language Learners student population is increasing. We have to meet State pupil teacher ratios: To meet the student teacher ratio the school budget has absorbed the costs in our budget: \$69,100.

Oak Ridge City Schools

Other factors that have and are affecting School System Budget:

- We can no longer follow established Oak Ridge Pupil Teacher Ratio guidelines for staffing but have been driven to follow the State regulations for Pupil Teacher Ratios. If we exceed the State pupil teacher ratio we have to hire an additional teacher and are subject to pay a \$50,000 fine.
- Carl Perkins IV funding of \$60,262 for our Career and Technical Education Programs has been cut to \$51,225
- Family Resource Center will be cut approximately 12% from State- a \$4,000 reduction for ORS.

Oak Ridge City Schools

Other factors that have and are affecting School System Budget:

- The Governor's 1.66% salary increase requires local funding cost \$350,000 - 65% of cost not funded in the BEP.
- As you know, some five years ago, the new high school was funded with a .05 sales tax increase along with \$17 million from citizens/ private business & major corporate donors and QZAB funding. General operating funds from the schools were discussed as hopefully not being needed.

Oak Ridge City Schools

School general operating funds would not be needed unless Anderson County superseded before five years. They did so in two years. When that happened, it was our understanding that the schools general operating funding would be transferred to the City to retire debt on the high school project for those remaining years. After the remaining five years, schools general operating funds would not be required.

From FY 2007 to the present, the schools have used \$3,352,805 of general operating funds to retire city debt for the high school project. The close of fiscal year 2011 should end annual payments.

Oak Ridge City Schools

- It was the Board of Education's understanding that this was to be a temporary arrangement with funding from this source returning to the schools after five years and perhaps earlier depending on retirement of other debt.
- The major point is that general operating funds should be utilized to fund the schools' general operating budget and not for funding capital projects.
- By honoring the original agreement, approximately \$750,000 would be available for operational expenses in FY'12 without raising taxes.

Oak Ridge City Schools

April 20, 2011, the Superintendent received the first official estimate from the Department of Education regarding estimated BEP allocations for FY'12. The estimate was lower than we had expected, but again it is subject to change. Funding levels could go up or down. Final allocations will be announced in July. Prior to this first state estimate, the recommended budget could only be based on our estimates using past trends. At such an early budget development date, the Board can only base its decision on data available.

Oak Ridge City Schools

- As in the past, this early timeline continues to put the Board and Superintendent in an awkward position, coming before the City Council without major revenue source information from the various entities.
- The revenue picture has changed just this past week.

Oak Ridge City Schools

- The BEP funding was less than projected because the State is not funding the Capital Outlay with any inflationary adjustment, or at the level it did last year. This results in a loss of \$214,088 for the FY 2012 budget. Other adjusted factors in the BEP allocation account for an additional loss of approximately \$14,000 for a total decrease in BEP funding of \$228,500.
- However, we now have two more months of actual FY'11 sales and property tax collections to further estimate revenue in these areas. We are still guessing what the last three months actual collections will be.

Oak Ridge City Schools

- Based on this recent information on sales and property tax, we believe this will generate approximately \$416,855 of additional revenue.
- $\$416,855 - \$228,500 = \$188,355$ additional dollars in revenue to use in the school budget.
- After applying the additional \$188,355 toward the Governor's 1.6% salary increase there would remain a shortfall of \$161,645.

Oak Ridge City Schools

- As you know The Board is very concerned with having reoccurring dollars to fund Technology for our staff and students for the 21st Century.
- Throughout the United States, the range of funding allocated toward Technology ranges from \$78 to \$458 per student.

Oak Ridge City Schools

- Oak Ridge City Schools currently spends around \$128 per student.
- Our request to the Council would provide an additional \$500,000 and bring this allocation per student to \$248.
- This will allow for the repair/replacement of minimum allocations of staff and student computers, software needs, infrastructure needs and other technologies to enhance the delivery of instruction.

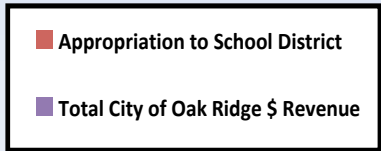
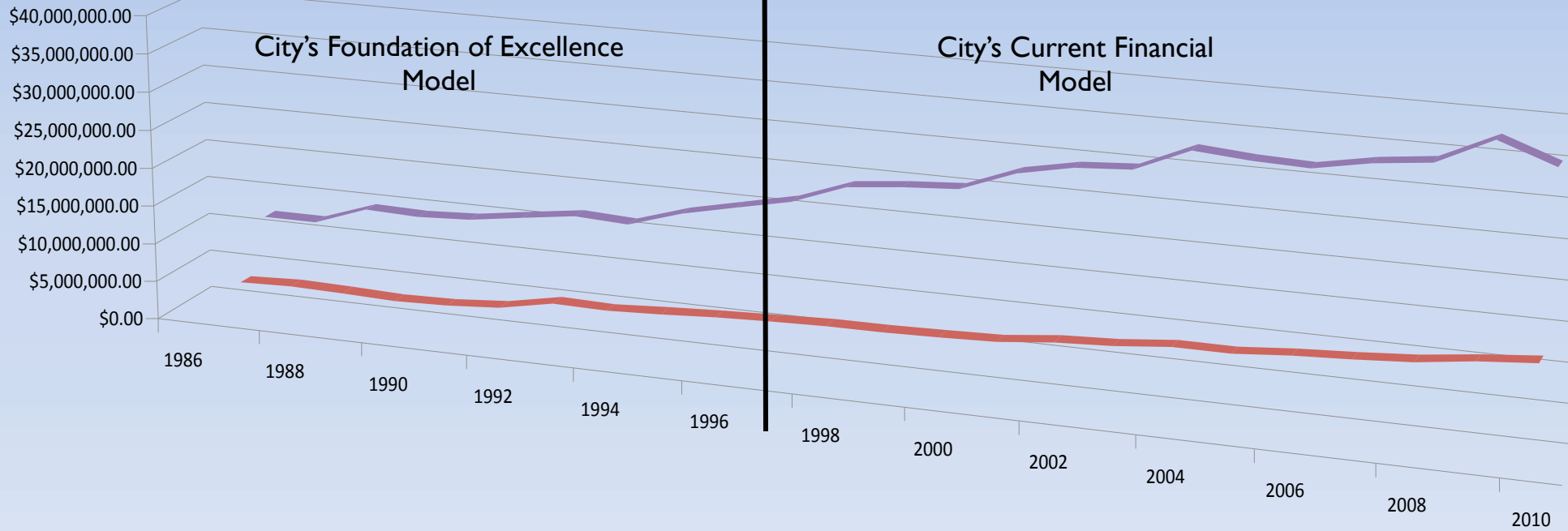
Oak Ridge City Schools

- On April 7, the Board approved a budget that was to be presented to you tonight requesting an additional \$900,000 based on the numbers available at that time.
- The basis of that request was to help fund the Governor's 1.66% salary increase and to step forward and provide additional funding to support the technology needed to operate our schools today for our students and staff.
- We can not provide for these needs with one time funding. We need reoccurring dollars in the Technology budget, and we are asking for \$248 per student.

Oak Ridge City Schools

- Based on the latest information available, the schools' budget shortfall is \$661,645.
- The school system has honored five years of debt retirement using general operating funds. We ask to be released from future payment of city debt. This would result in no tax increase to balance the budget.
- We believe our request is a responsible one and reflects the hard work of staff, teachers, administrators, and parents who have contributed their own dollars to provide opportunities for our students. Our teachers have not been demanding or arrogant in their requests each year. They have been true professionals in every sense of the word.

School Appropriations vs. City Revenue Growth



Growth Data

- Since 2000, State of Tennessee population has grown 10.1%
- City of Maryville has grown 13.1%
- Under City's current Financial Model, Oak Ridge has grown only 1.3%

Is this model working?

The Challenge

By providing this funding, the city can demonstrate the commitment to the vision that Dr Blankenship described almost 70 years ago and that was reconfirmed by the city leaders in the Foundations of Excellence program in the 1980s and 1990s

Benefits of Providing the Requested Funding

- Provide the opportunity for our children to receive the quality of education they deserve and need to compete in the global market today
- Reward our teachers with a small raise of appreciation for years of commitment and self sacrifice in teaching our children
- It will also help meet the needs of the business community to fulfill the technological jobs that will be required in the future
- Finally, the reputation of our schools is critical to our city's growth and to preserving the citizen's property values
- We sincerely request the City leaders meet these critical needs

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