

WASHOE COUNTY SCHOOL DISTRICT
Reno, Nevada

REGULAR MEETING OF THE BOARD OF TRUSTEES
May 24, 2011

TITLE: Approval of Fiscal Year 2011-12 Final Budget

FROM: Gary S. Kraemer, Chief Financial Officer

PRESENTER(S) & PRESENTATION TIME:
Gary Kraemer, Chief Financial Officer (10 minutes)

DATE REPORT WRITTEN: May 3, 2011

SUMMARY: State law requires the District adopt a final budget by a majority vote on or before June 8 of each year. The May 24, 2011 Board Meeting is the last regular meeting before this deadline.

ADDITIONAL BACKGROUND INFORMATION: The Board approved the FY 2011-12 Tentative Budget on March 22, 2011 and a public hearing on the tentative budget will be on May 18, 2011. However, the budget is still extremely "tentative" at this point in time because the budget reductions and changes recommended by the Governor, as well as the additional revenue findings of the Economic Forum are still under review of the Legislature and WCSD's per pupil funding, as well as funding for other State programs, are not yet fully known. In addition, the final property tax revenues and recommendations to balance the budget, including negotiations with bargaining units, are yet to occur.

Until these issues are settled we will not know the actual budget impact, however the Tentative Budget anticipated a budget shortfall of approximately \$75 million for the General Fund for Fiscal Year 2011-12.

Since the approval of the tentative budget, recommendations to address the shortfall are proposed as follows:

• Use of the Contingency Fund	\$13.3 million
• Reduce the Fund balance	\$2.9 million
• Use Savings from Health Care Negotiations	\$3.0 million
• Defer New Textbooks for Another Year	\$2.0 million
• Increase Class Size in Grades 1-3 by Two Students	\$6.6 million
• Central & Direct School Support Services reductions	<u>\$7.0 million</u>
Total	\$34.8 million

These proposals are painful, yet they still leave a \$40 million gap. This gap may hopefully be partially reduced by the improved revenue outlook on May 3, 2011 of the Economic Forum but how those results will be applied to the K-12 education budget is still to be determined. Without further generation of additional revenue the District will

be forced to make even more detrimental reductions which can include loss of staff, increases in class size, employee concessions and reductions/cancellation of programs.

Staff is currently working with association and legislative leaders to minimize further reductions. In addition, the District is still gathering survey information and will hold five town hall meetings to discuss the latest news and obtain stakeholder input.

As more information is gathered, the Board will be updated and presented with the most up-to-date information to approve a final budget prior to this meeting. The Board must adopt a final budget by June 8, 2011 by a majority vote but because this is the only regular meeting prior to that date, the Final Budget must be adopted now.

All the necessary pieces to balance the budget shortfall may not be available at the time of this meeting because the legislature is still in session. Because of this, the law allows the District to file an amended final budget within 30 days of adjournment of the legislative session. The amended final budget will be based on the District's legislative adjusted revenue and include all the recommendations to balance the budget shortfall.

PREVIOUS BOARD ACTION: *(For additional information regarding the previous agenda action listed below, refer to the district's website at www.washoe.k12.nv.us in the Calendar section under Meetings, Agendas, and Highlights.)*

Date: March 22, 2011

Related Action: Presentation and Approval of the Fiscal Year 2011-12 Tentative Budget

Date: May 18, 2011

Related Action: Public Hearing on the Fiscal Year 2011-12 Tentative Budget

ATTACHMENTS: To be provided prior to the Board meeting.

WCSD STRATEGIC PLAN: Goal #5 – Developing Efficient and Effective Support Operations.

LEGAL: As required by NRS 354.598: a final budget for a school district must be adopted on or before June 8 of each year by the favorable votes of a majority of all members of the governing body. No governing body may adopt any budget which appropriates for any fund any amount in excess of the budget resources of that fund.

FINANCIAL: The budget provides appropriation authority for approved programs included in Fiscal Year 2011-12 final budget.

COMMUNITY INVOLVEMENT: Town hall meetings are scheduled for May at various sites and the information from the budget survey ongoing.

ALTERNATIVES: None.

RECOMMENDED ACTION: that the Board of Trustees adopt the 2011-12 final budget as presented at the May 24, 2011 Board meeting