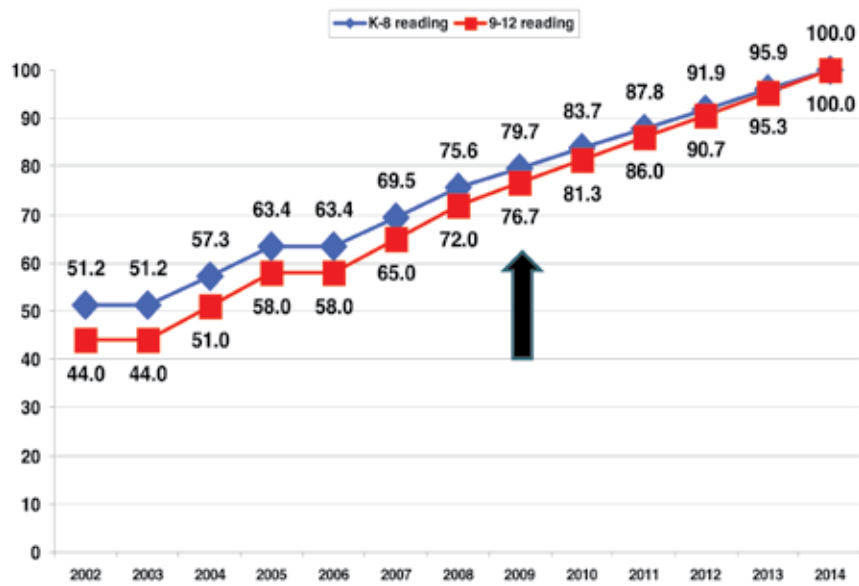


# Rising Expectations, Falling Revenues

Doing more with less. In light of the national recession, most individuals, families, businesses and organizations have had to make adjustments by cutting back, while continuing to move forward. Likewise, public schools are no strangers to rising expectations of accountability in the face of dwindling resources.

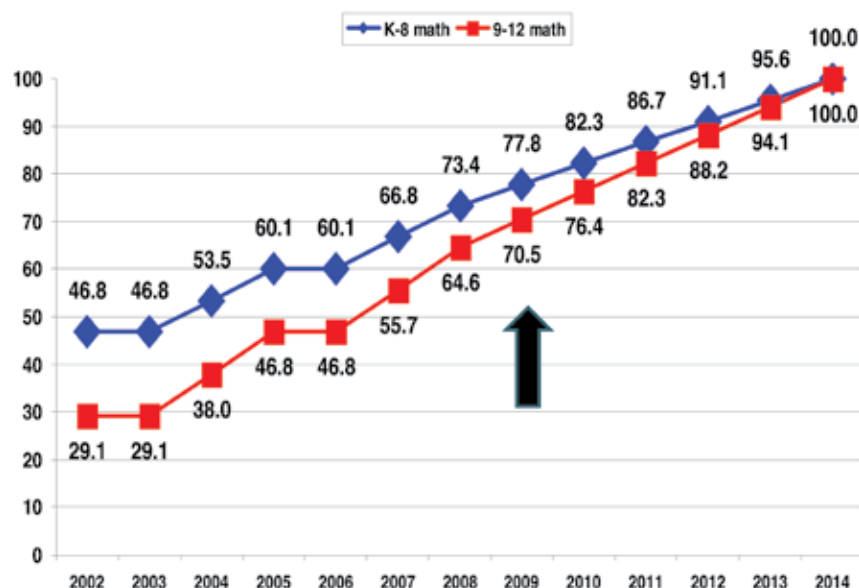
Public schools are legally required by the federal No Child Left Behind Act to meet Adequate Yearly Progress by making academic gains. Schools are expected to do more for their students with fewer resources than were available to them in the spring of 2008. The Lawrence Board of Education forges ahead with its primary goal of raising achievement for all students, while closing achievement gaps. This difficult task is further complicated, though, by a state budget crisis that threatens not only district academic goals, but also class sizes; school staff, programs and services; and some elementary schools.

**Adequate Yearly Progress Starting Point: Reading**



*By 2014, schools must have 100% of students demonstrating proficiency on state assessments.*

**Adequate Yearly Progress Starting Point: Mathematics**



## Unprecedented Budget Shortfalls

After years of strong growth, the effects of a national recession and state tax cuts have caused state revenues to decline. At the same time, the cost of education and other government services continued to increase. This combination of rising costs and declining revenues dropped the state's ending balance from nearly \$1 billion in 2007 to essentially, zero last year. Kansas avoided a deficit on June 30th, the end of the fiscal year, but only by delaying state aid payments to public schools.

Kansas funds its public schools with a complex school finance formula. A district's General Fund is essentially, its weighted full-time equivalent enrollment multiplied by the Base State Aid Per Pupil (BSAPP). Districts may supplement their budgets with a local property tax levy of up to 31% of the General Fund. Lawrence voters approved maximizing this Local Option Budget (LOB) in 2008. By law, the district cannot raise more taxes for general operations.

## Falling State Aid

A district's General Fund and LOB pay for teacher salaries and benefits, student instruction, utilities, insurance and the other daily operational costs of a school district. After the 2008 legislative session, school districts began planning for the 2009-10 school year using a BSAPP of \$4,492. Following a series of reductions at the state level, BSAPP now sits at \$4,012. This year's state aid is also propped up by federal stimulus dollars, which are expected to decline next year and disappear the following year.

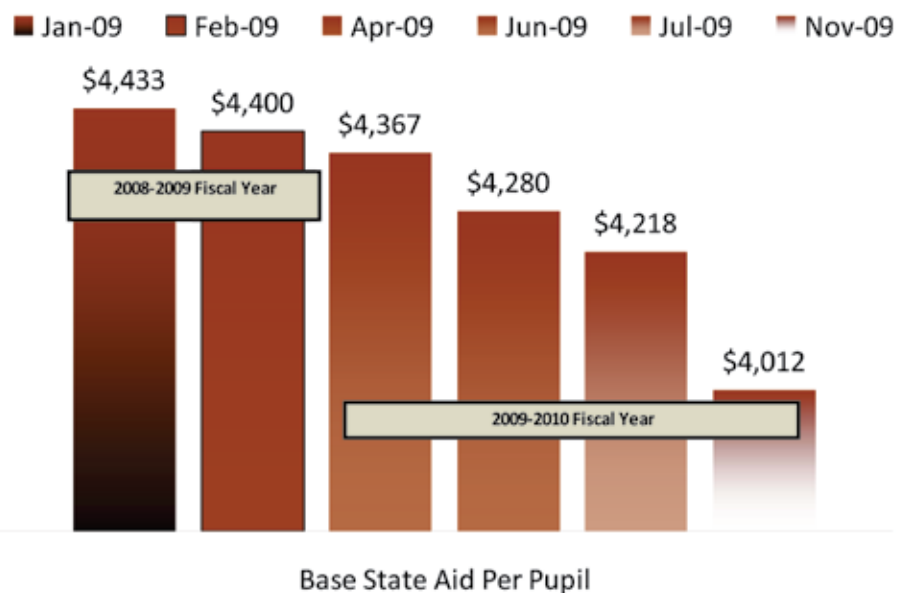
Meanwhile, state revenues continue to fall short of projections. Kansas faces a deficit of more than \$400 million next year. According to the Kansas State Department of Education, BSAPP could drop to \$3,726 next year unless the Kansas Legislature comes up with a plan to enhance revenues. State aid to public schools could drop lower still if the legislature opts to continue cutting spending.

## The Local Impact

What does this mean for Lawrence Public Schools? In addition to the \$5.5 million in budget reductions made this year, the school board must cut at least \$5 million from next year's budget. From April-June of 2009, the school board eliminated and consolidated administrative positions at the district office and reduced administrative services (\$399,087), reduced facilities and operational costs, including eliminating fifteen custodial positions (\$655,063), reduced transportation costs, including eliminating busing for students living within 2.5 miles of school (\$572,000), and reduced support staff and services, including eliminating district funding for WRAP mental health services (\$462,237).

The board will make up a remaining \$3 million shortfall in the current school year with 50% cuts to all departmental and school budgets, further reductions in non-teaching staff and the use of unspent budget allocations and cash reserves, primarily the district's contingency reserve fund. Using cash reserves is a one-time option that, in effect, delays the impact of budget cuts for one year. Kansas Statutes allow districts a contingency reserve fund not exceeding 10% of the general fund legal maximum budget authority. Lawrence Public Schools' contingency fund balance is approximately 9.5% of its General Fund or \$6.5 million. This is the same emergency fund that the school district has relied on to meet its monthly payroll of \$5.5 million as state aid payments decreased and arrived late.

## Change in Base State Aid Per Pupil in 2009



Base State Aid Per Pupil

### A Balancing Act

The school board continues to weigh various cost-saving options, generally from three main areas: increasing the student-teacher staffing ratio, cutting programs and services, and possibly closing schools. All three options would save money by reducing teachers and staff.

Each incremental increase to the district's current staffing ratio of 24 students-to-one teacher is estimated to save about \$1 million at the expense of about 20 teachers. Increasing the ratio doesn't mean that each class gets larger, but the district would see a jump in average class sizes and secondary students would have fewer course offerings from which to choose.

In terms of program and service cuts, district administrators have recommended to the school board cutting \$640,081 by further reducing administration 5.6% (for a total of a 12% cut to this area), charging the Lawrence Virtual School for in-direct administrative and support services, and delaying vehicle replacement for the special education program. Other recommendations include reducing early childhood special education staff and contract time for special education paraeducators and library media assistants.

Administrators identified and ranked for the school board another \$2.9 million in possible staffing, program and service cuts. These include reductions in the areas of district administration, school administration, clerical support, athletics and activities, career and technical education, co-curricular activities and student clubs, elementary curriculum enrichment, facilities and maintenance, fine arts, including the sixth-grade band and orchestra program; guidance counseling services, professional development (learning coaches), library media services, prevention services, school health services and non-mandated special education services. These options also include raising school meal prices.

Cost-saving estimates for school closures range from \$460,000-\$650,000 per elementary school. Operational savings from closing a school are realized through staffing reductions made possible by serving those students elsewhere. For example, if boundaries are changed and Elementary School A no longer serves as a student attendance center, the district no longer bears the cost of School A's principal, secretary, administrative assistant, head custodian, custodian, librarian, library assistant, school nurse, health office aide, band teacher, orchestra teacher, clerical aide and non-instructional monitors.

Depending on the future use of School A's facility, the district may realize savings from utilities, custodial supplies, maintenance supplies and grounds and equipment upkeep. Additional operational savings could be realized through reductions in teaching staff. Once School A is no longer being used as an attendance center, its students attend other schools. When applying the district's staffing ratio to all remaining schools, fewer teachers are needed.

Operational savings like these would positively impact the district's General Fund. In Lawrence Public Schools, 83% of the General Fund supports staff salaries and benefits. Any potential revenues from the sale or rental of a building that is no longer used as a student attendance center would positively impact the district's Capital Fund, which is restricted by law for use on capital expenditures, such as constructing, renovating, equipping and furnishing facilities.

### Budget Planning Continues

While board members seek, discuss and weigh cost-saving options, they welcome community input into the budget planning process. The board hosted two public forums in February and plans two more forums next month: March 1, 7 p.m. at Central Junior High and March 2, 7:30 p.m. at West Junior High. In addition, the public may share suggestions and concerns during school board meetings scheduled at 7 p.m. on March 8, (tentatively scheduled on March 22), April 12 and 26, May 10 and 24, and June 14 and 28 at the district office, 110 McDonald Drive.

The public may access the school board's budget planning information via the district's Web site: [www.usd497.org/BudgetPlanning](http://www.usd497.org/BudgetPlanning). This Web page also contains contact information for Douglas County legislators.

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