

School District U-46



FY 2018 Tentative Budget

June 19, 2017

Possible Scenarios and Implications



- ❧ **No state budget** – Potentially all state funds will stop flowing to the District.
 - ❧ **Implications** – We will need to levy taxes in the fall and we will have to begin borrowing funds to make payroll by the end of February or we will have to close. We will need roughly \$84 million to finish the school year (line of credit and or tax anticipation warrants).
- ❧ **Stop Gap Budget with only one categorical payment** – The state will not pay the four categorical payments, we would budget for one.
 - ❧ **Implications** – Our revenue would be reduced by roughly \$27 million. We would need to levy taxes in the fall and we would need to reduce or eliminate services like activity buses, buses to athletic events, close the swimming pools, reduce staff, eliminate all equipment spending, cut school budgets by at least 50%. At this stage we would probably run a deficit next year as we have this year. The estimated shortfall would be around \$15 million.

What is Next?



- ⌘ We will wait until the end of June to see if any action is taken by the state.
- ⌘ If no action and funding stops or if there is a stop gap budget that does not fully fund the District we will bring forward in July a potential list of items that will need to be eliminated in order for the District to remain solvent.
- ⌘ We will also bring a draft budget forward at the August meeting.

Sample Reduction Summary



- ❧ Reduce school and department supply budgets by 50% - Est. savings of \$4,000,000
- ❧ Eliminate activity buses - Est. savings \$100,000
- ❧ Eliminate all equipment spending - Est. savings \$9,000,000
- ❧ Reduce purchased services by \$1,000,000
- ❧ Close all swimming pools - Est. savings \$500,000
- ❧ Reduce non-union personnel and put a hiring freeze in place - Est. savings \$1,000,000
- ❧ Discuss future school closings