

**Lincoln Public Schools
Board of Education
Finance Committee
2009-10 Proposed Budget
May 12, 2009**

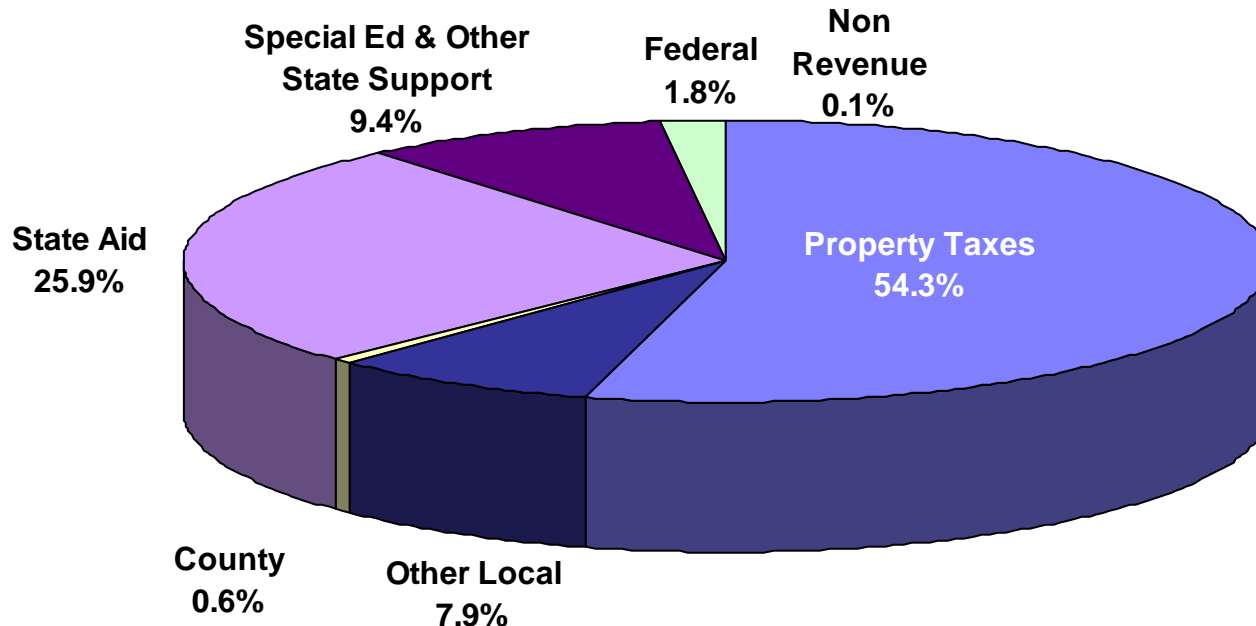
Tentative 2009-10 Budget Development Calendar

- March 18 Finance Committee Meeting to Discuss Budget Calendar
- March 24 Board of Education Meeting – Budget Calendar
- Approx. April 1 Gross Assessed Valuations from County Assessor
- April 23 – May 11 Executive Committee Works with Board Finance Committee
- April Community/District Constituents Presentations
 - » Presentations to Various Community/District Constituent Groups
 - Superintendent’s Board of Advisors – April 1, 2009
 - Community Curriculum Council – April 6, 2009
 - LIBA (Lincoln Independent Business Association) – April 7, 2009
 - LPS Parent Leader Group – April 30, 2009
 - Lincoln Area Chamber of Commerce – To be determined
- ★ • May 12 Budget Work Session/Presentation of Budget for Publication (5:00 P.M.)
- May Community/District Constituents Presentations
 - » Presentation & Budget Forum at Mickle Middle School
May 19 from 7-8:30 p.m.
 - » Presentation & Budget Forum at Southeast High School
May 20 from 7-8:30 p.m.
- May 31 Publication of Budget Hearings/Forums (LPS and ESU 18)
- June 1 State Aid Certification (Adjusted by Legislature from February 1)
- June 4 End of Legislative Session (Tentative Date)
- June 9 Public Hearing/Budget Forum (6:00-6:45 P.M.) & Budget Approval (First Reading)
- June 23 Budget Approval (Second Reading/Action)
- August 20 Certified Assessed Valuation
- September 1 Publication of Property Tax Request Hearing
- September 8 Property Tax Request Hearing and First Reading
- September 22 Property Tax Request (Second Reading/Hearing)

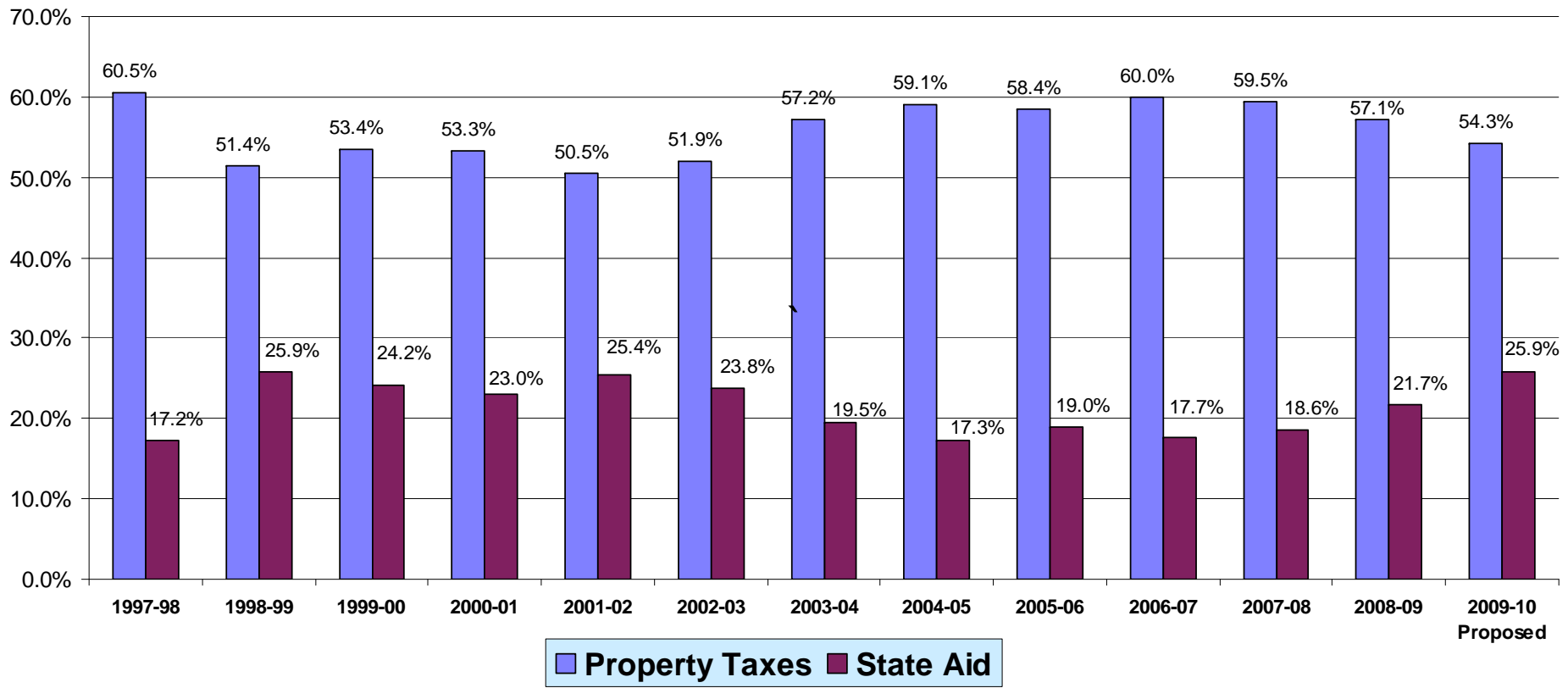
Funding Sources

The general fund or “operating fund” of the district is funded through a combination of local, county, state, and federal funds. The largest source of funding comes from local property taxes.

2009-10 Proposed Budget
Revenues by Source



General Fund Property Taxes and State Aid Percentages



2008-09 State Aid Formula

Needs

Average Daily Membership
X
Basic Funding
Plus Allowances/Adjustments

-

Resources

Adjusted Valuation
X
Local Effort Rate
(currently \$.05 below max. levy)
Plus Other Actual Receipts

= State Aid

Other Considerations/Allowances:

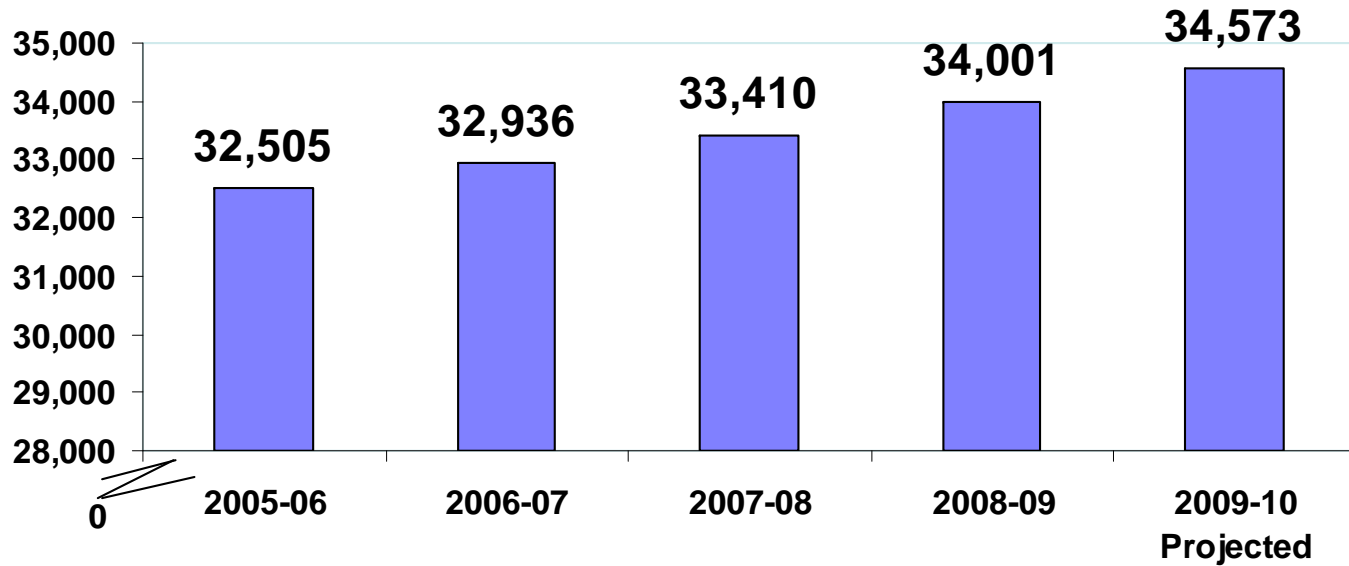
- * Poverty Allowance
- * Limited English Proficiency Allowance
- * Transportation Allowance
- * Elementary Class Size Allowance
- * Summer School Allowance
- * Distance Education Allowance
- * Averaging Adjustment
- Teacher Education Adjustment
- * Student Growth Adjustment
- * New School Adjustment
- Local Choice Adjustment
- Needs Stabilization

Other Formula resources

Net Option Funding
Allocated Income Taxes
Other Actual Receipts
Minimum Levy Adjustment

Student Enrollment Information

(Early Childhood Special Education, Excite, and Kindergarten through 12th Grade)



	2005-06	2006-07	2007-08	2008-09	2009-10 Projected
Headstart (ExCite)	432	453	593	668	668
Early Childhood Special Ed	559	557	474	417	417
Kindergarten - Grade 12	31,514	31,926	32,343	32,916	33,488
Totals	32,505	32,936	33,410	34,001	34,573

2009-10 Revenue Information

State Aid Changes/Certification:

- Certification date has moved from February 1 to June 1
- LB545 as amended
 - Current Projection: LPS would receive \$14.7 million in additional state aid.
 - Based on the amendments, the averaging adjustment would continue for 2010-11 and beyond.

**Projected State Aid
Lincoln Public Schools
\$79.2 million**

2009-10 State Aid

(Based on LB545 as Amended)

State Aid Increase from \$64.5 million in 2008-09 to \$79.6 million in 2009-10, an increase of \$15.1 million

Less \$0.4 million -- Correction in Prior Year State Aid

Total State Aid -- \$79.2 million, an increase of \$14.7 million

2009-10 State Aid Components

(Based on LB545 as Amended)

- \$9.2 million -- Poverty Allowance
- \$5.6 million -- Limited English Proficiency Allowance
- \$3.3 million -- New School Adjustment
- \$2.8 million -- Student Growth Adjustment
- \$15.6 million -- System Averaging Adjustment
(based on the 2008-09 general fund levy of \$1.04.)

2009-10 Estimated Assessed Valuation Information

- Assessed valuation will be certified on August 20.
- Re-valuation is underway.
- Assessor forwarded abstract file by March 19 to State Property Tax Administrator-LPS received April 10.
 - Current Projection: 1.59% decrease
This represents a \$260,519,822 Reduction in assessed valuation.
 - This translates into an overall General Fund property tax reduction of \$2,701,712 (utilizing the 2008-09 levy) due to the estimated reduction in assessed valuation.
 - 2008-09 assessed valuation is \$16,384,894,448
 - 2009-10 estimated assessed valuation is \$16,124,374,626
 - Approximately \$1.6 million is generated for each 1 cent of levy.

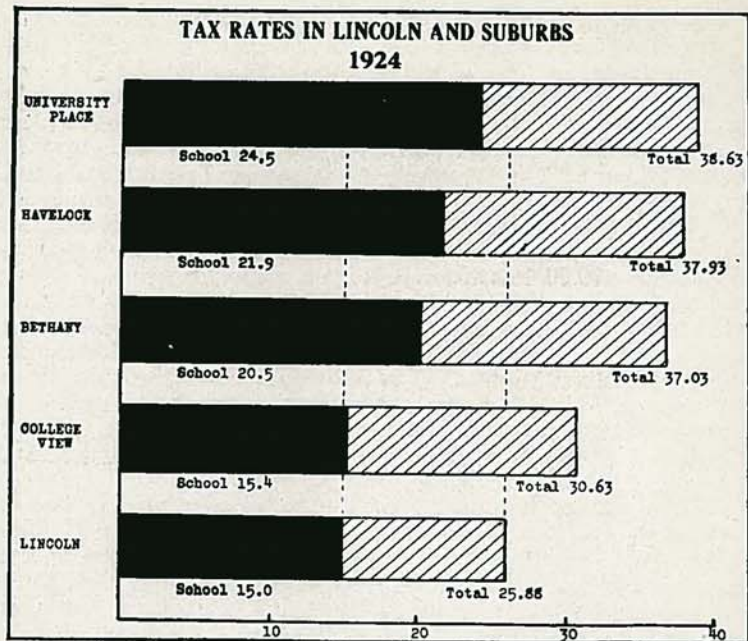
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LINCOLN
PUBLIC SCHOOLS

Extent of Service to Community
How Pupils are Housed
The Teaching Force
Adapting Program to Pupils' Needs
Results of School Work
What the Schools Cost



Report of the
SUPERINTENDENT OF SCHOOLS
1924-25

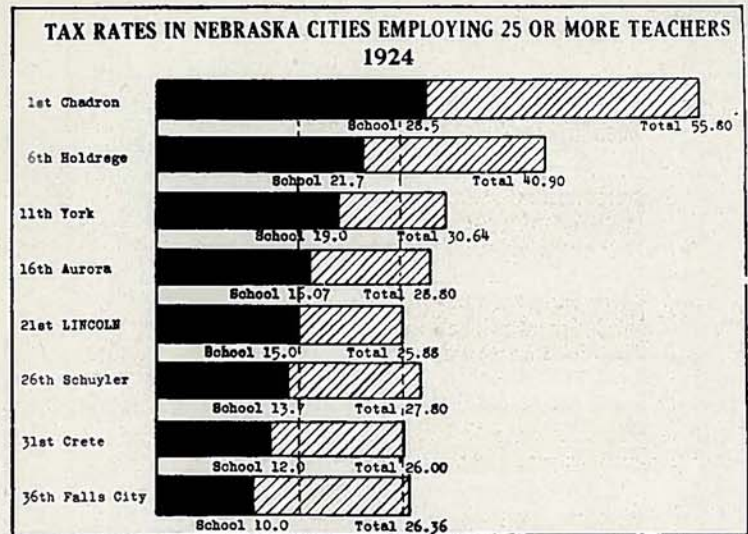


The following units of government derive a part or all of their revenue from the general property tax: the city, the county, the state, the school district and the sanitary district. In 1924 all the money paid by the people of Lincoln in the form of the general property tax was distributed as follows

Distribution of the General Property "Tax Dollar", 1924

City.....	26.08c
School.....	57.96
County.....	5.14
State.....	6.96
Sanitary District.....	3.86
Total.....	100.00

Of that part of the general property tax paid to the county treasurer approximately 78 per cent went to the schools. Loose statements have sometimes been made that the schools were receiving 78 per cent of all taxes, leaving out of consideration not only all other forms of tax, but also the general property tax paid to the city treasurer. The distribution just mentioned refers to revenue derived from the general property tax only. The per cent of their total revenue which the different units derive from other sources according to the latest authoritative information available is about as follows:



There were 36 cities in Nebraska employing 25 or more teachers in 1923-24. These were arranged in the order of the rate for all school purposes and every fifth city plotted. There are four cities between Chadron and Holdrege, four between Holdrege and York, etc.

Per Cent of Revenue From Sources Other Than General Property Tax

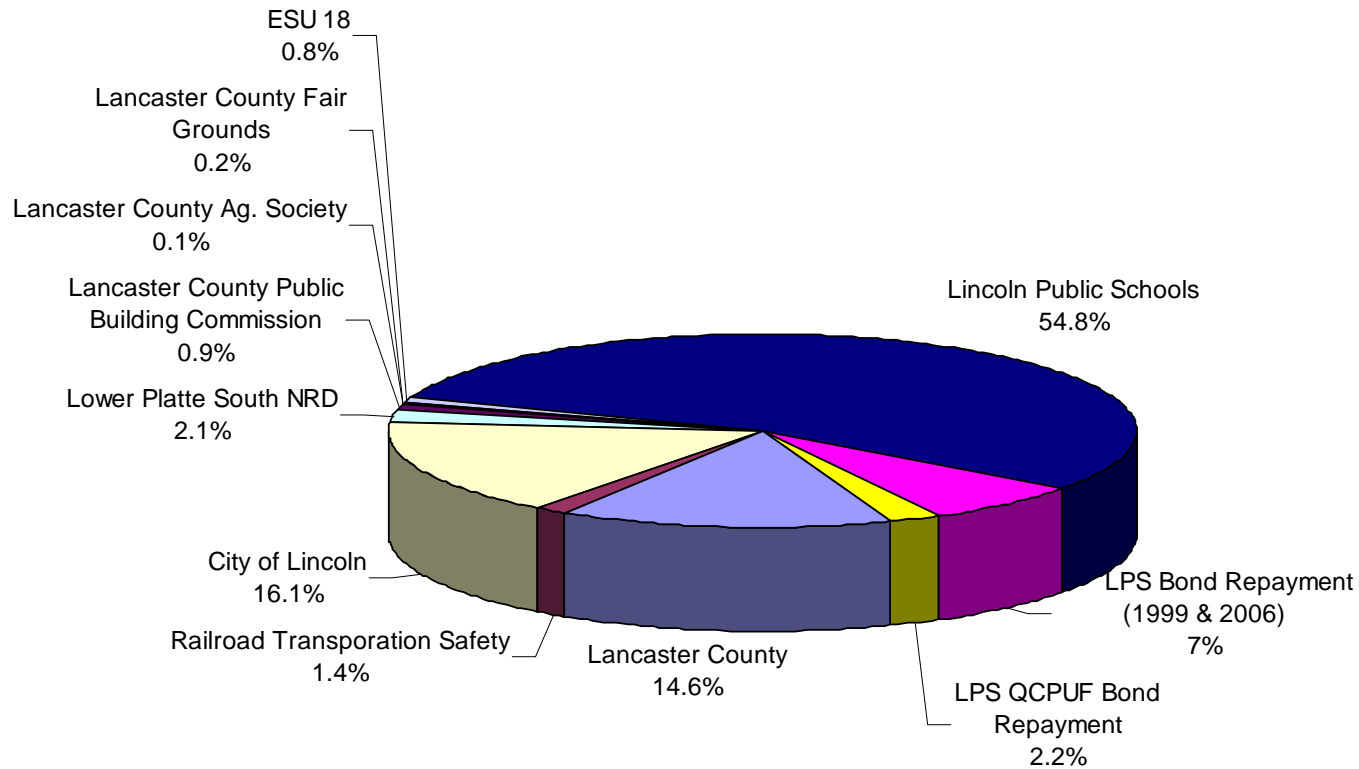
City.....	54
State.....	50
County.....	No authoritative information
National Government.....	100
Sanitary District.....	0
School.....	5

It is not so easy to determine the distribution of the total "tax dollar" or government revenue dollar as it is the *general property* "tax dollar". It is certain, however, that the schools do not receive more than 20 per cent of the total. Even the most severe critic of the schools could hardly represent this to be an excessive proportion.

A MORE EQUITABLE SYSTEM OF TAXATION NEEDED

It is doubtful whether a single economist or authority on taxation can be found who regards the general property tax as an equitable form of tax. It is unfortunate that the schools have to depend on it for so large a proportion of their revenue. It is entirely possible for a general property tax to become burdensome to certain individuals or interests without producing adequate revenue for the support of the schools; if our revenue system were such that people really paid in proportion to their ability to pay, there would be no possibility of school costs becoming burdensome so long as these costs maintain anything like their present ratio to total income. Friends of public education should interest themselves in the adoption of a revenue system which puts school support on a sounder and fairer basis.

Distribution of Property Taxes 2008



Estimated Property Tax Rate At 1 Cent Reduction in Levy

Fund	2008-09 Actual Rate	2009-10 Estimated Rate	Estimated Change
General Fund	\$1.047585	\$1.037585	(\$0.010000)
Building Fund	\$0.000000	\$0.000000	\$0.000000
Bond Fund	\$0.176596	\$0.176536	(\$0.000060)
Qualified Capital Purpose Fund	\$0.042629	\$0.042689	\$0.000060
Total	\$1.266810	\$1.256810	(\$0.010000)

Educational Service Unit #18	\$0.014125	\$0.015000	\$0.000875
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Estimated General Fund Levy Not Utilized \$0.011662 \$0.018679

Note: The 2009-10 rates are estimated until Lincoln Public Schools receives the certified valuation figure from the Lancaster County Assessor on August 20, 2009.

Property Taxes

What is the estimated cost to a homeowner if the home's assessed value is \$149,550?

2008-2009
\$1,894.51



\$157.88
per month

2009-2010 Estimated
\$1,879.56



\$156.63
per month

**\$14.95
decrease
per year***

*If value of house decreases 1.59% (\$147,172), additional reduction of \$30 per year or \$2.50 per month.

General Fund Sources of Funds

(Based on 1 Cent Reduction in Levy)

Revenue	2008-09	2009-10 Proposed
Property Taxes	\$169,929,146	\$165,631,121
State Aid	\$64,501,826	\$79,168,099
Special Ed Receipts	\$32,268,063	\$30,072,279
Other Receipts	\$30,633,000	\$30,150,000
Total Revenue	\$297,332,035	\$305,021,499
Revenues Reserved or Used from Cash Flow	-\$4,043,415	\$797,431
Total Available	\$293,288,620	\$305,818,930
Estimated Property Taxes Not Levied	\$1,891,698	\$2,981,755
Estimated Levy	\$1.047585	\$1.037585

Identified District Needs (Recommended for Funding)

Fulfilling Board of Education Prior Commitments

4% Negotiated Salary & Health Insurance	\$	10,393,970
Operating Costs for Kooser Elementary, Schoo Middle School & New Facilities	\$	3,771,310
Transportation for Goodrich at Dawes	\$	390,000

Proposed Change in State Retirement

Estimated 1% Increase in Employer Cost for State Retirement	\$	2,047,200
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(Not Currently Funded)

Increased Operating Costs

LES Increased Utility Rates	\$	89,600
Supply and Printing Budget	\$	350,000 *

Student Growth

Staffing (600 Additional Students)	\$	4,155,223 *
Supplies and Materials	\$	46,777
Materials for Teachers, Training, Substitutes, Implementation	\$	309,952

Identified District Needs (Not Currently Funded)

Long Term Depreciable Assets

White Fleet Vehicle Replacement-Depreciation	\$	250,000
Transportation Vehicle Replacement-Depreciation	\$	500,000*
Technology Infrastructure Replacement-Depreciation	\$	1,000,000
HVAC Heat Pump Replacement-Depreciation	\$	500,000
ERP (Enterprise Resource Planning) System Replacement - Depreciation One Time Expense with on going Maintenance Costs	\$	4,300,000*
Student Information System (2005-2006 Pricing)	\$	2,500,000*

Increased Student Needs

School Nurses (additional non-SPED students w/asthma, diabetes, medication)	\$	240,000
School Social Workers	\$	180,000*

*Potential for partial funding with ARRA funds.

Major Changes Reflected in 2009-10 Proposed Budget (Based on Revenue Assumptions)

- New Facilities Operational Costs
- Transportation for Goodrich Students at Dawes
- Increase in State Retirement
- Negotiated Salary and Benefit Increases

New Facilities Operational Costs for \$3,771,310

New facilities operational costs provides support staff and utilities. This will provide for Kooser Elementary School, Schoo Middle School, and new additions that will be operational during the 2009-10 year.

Transportation for Goodrich Students at Dawes \$390,000

The Board approved the purchase of seven buses to provide transportation services for Goodrich at Dawes. Buses will originally be purchased with Depreciation Funds. Then a yearly amount will be paid back to the Depreciation Fund. After the two years of busing, the District will utilize the additional buses as replacement buses in the fleet.

Increase in State Retirement \$2,047,200

The legislature is proposing an increase in the employee cost of the state retirement from 7.28% to 8.28%. The employer cost of the state retirement would change from 7.3528% to 8.3628%. The employer is required to match 101% of the employee's contribution.

2009-10 Negotiated Salary and Benefit Increases \$10,393,970

There is a 4% negotiated salary and benefit package increase for 2009-10. Benefits include the employer's share of FICA, state retirement, and employees' health insurance.

Board Finance Committee

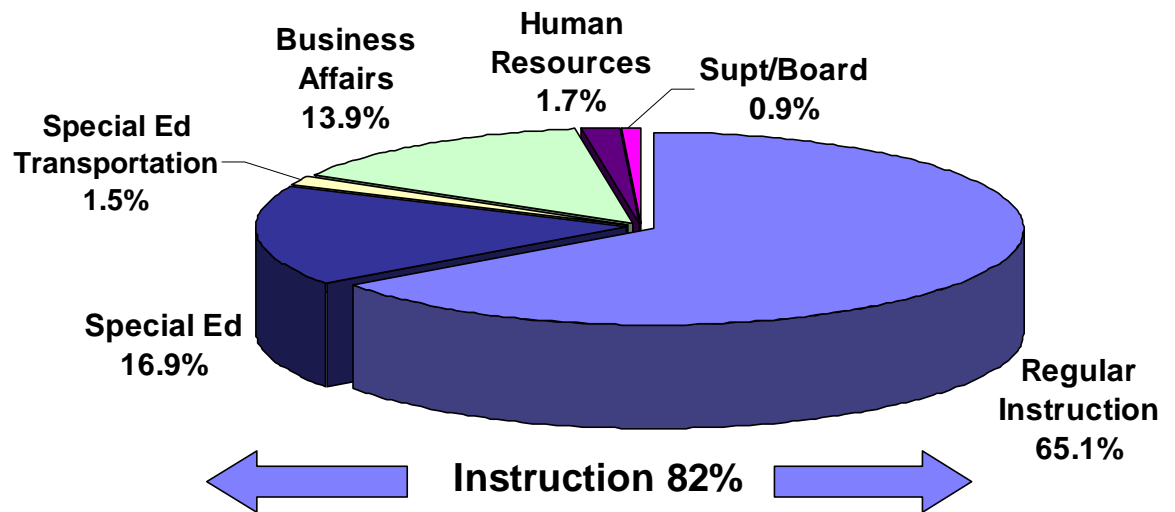
Proposed General Fund Expenditures Summary

2008-2009 Budget	34,001 Students	\$ 293,288,620
Reductions:		
	All-Day Kindergarten Start-Up Costs - Year Three	\$ (11,790)
	Previous Start-Up Costs for Kooser Elementary School and Schoo Middle School	\$ (1,692,530)
	Reduction of Instructional Expenditures due to Goodrich at Dawes	\$ (276,250)
	Reduction of Custodial Expenditures due to Goodrich at Dawes	\$ (254,900)
	Unused Leave Program	\$ (500,000)
	Actual vs Budgeted Personnel	\$ (1,336,700)
	Reductions from 2008-09 Budget	\$ (4,072,170)
Additions and New Needs:		
	4% Negotiated Salary & Health Insurance for 2009-10	\$ 10,393,970
	Operating Costs for Kooser Elementary, Schoo Middle School & New Facilities	\$ 3,771,310
	Transportation for Goodrich at Dawes	\$ 390,000
	Estimated 1% Increase in Employer Cost for State Retirement	\$ 2,047,200
	Additions and New Needs Total	\$ 16,602,480
	Reductions and Additions Total	\$ 12,530,310
2009-2010 Proposed Budget	34,573 Students	\$ 305,818,930
		4.3% Increase

Where does the money go?

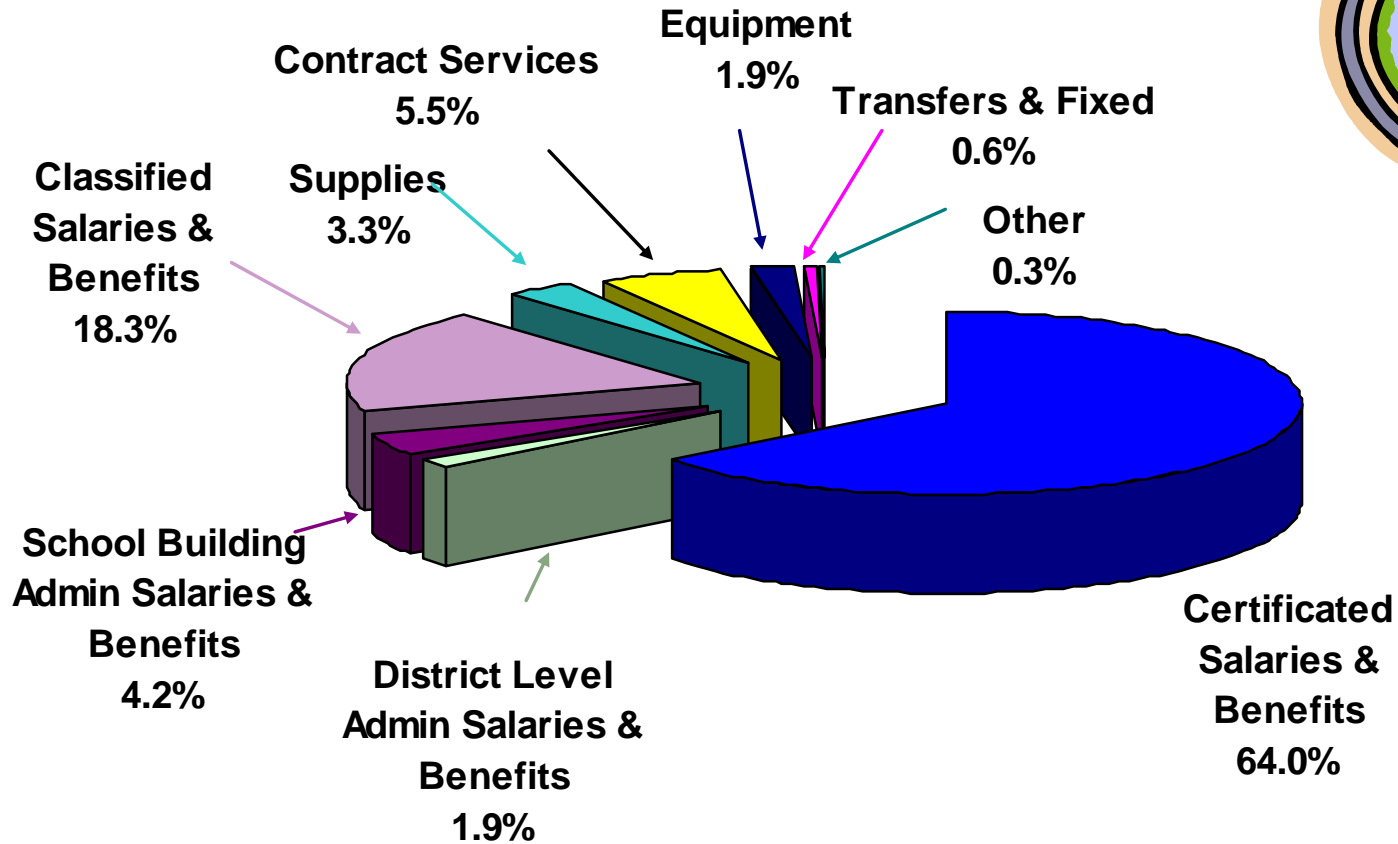
LPS spends the majority of the operating budget on instruction. This includes money for teachers, counselors, media specialists, nurses, principals, office staff, paraeducators, supplies and equipment. The rest of the budget is for business affairs (maintenance, custodial, transportation, etc.), human resources, and the superintendent's office/board of education areas.

2009-2010 General Fund Expenditure Budget





Expenditure Categories



2009-2010 Proposed General Fund
Expenditure Budget: \$305,818,930

American Reinvestment and Recovery Act (ARRA) of 2009-10 Potential Funding

- **Title I – Poverty based programming
(\$6.2 million over two years projected for LPS)**
- **IDEA Part B – Special Education Funding
(\$8.7 million over two years projected for LPS)**
- **State Fiscal Stabilization Funding is incorporated into the
State Aid formula through LB 545 as amended
(\$234 million state-wide over two years)**
- **The District continues to monitor and evaluate other
potential funding sources through ARRA**

How Does LPS Compare?

- LPS is ranked 224th out of 254 school districts in Nebraska in per pupil spending.
- LPS currently Spends \$ 8,835 per pupil compared to the State of Nebraska average of \$ 9,528.
- LPS annually spends less than the state average by \$23.6 million.
- The current levy and expenditure limitations do not allow LPS to spend at the State average.

Need more information or want to share comments?

Look at our web site and see the
work session materials at
<http://www.lps.org/about/budget/>

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