

2009-10 Funding Assumptions

For 2009-10 revenue availability for our schools remains questionable. Based on preliminary data provided by the State the projected decline for next year is an additional 9.2% (or \$1.6 billion). This projected reduction equates to an additional \$633 per student in cuts. Translated for Brevard, this means an additional cut of approximately \$45 million. That coupled with shortages in other areas it appears that Brevard Public Schools will have to cut approximately \$70-\$80 million from its operating and capital budgets for next year.

(Please see Attachment I for greater detail or to how these assumptions were developed.)

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Funding for next year is projected to decline further than the 2008-09 level currently being reduced in the Special Legislative Session. As school districts begin the process of preparing their budgets for next year the following considerations will need to be addressed:

1. In reacting to revenue cuts for both 2007-08 and 2008-09 districts have had to use nonrecurring dollars to balance their budgets. Districts will have to address replacing those dollars with recurring sources before they proceed further in the development of their budget. [An example of nonrecurring sources would be using reserve funds of \$5 million. Once the reserve of \$5 million has been utilized other dollars would have to be found to fill the void in the subsequent budget year.] Using reserve funds will also affect a District's ability to meet the new unreserved fund balance requirement passed during special session. Note: the state has a significant amount of nonrecurring revenues built into the current K-12 budget.
2. Districts will experience unavoidable cost increases in the 2009-10 budget year, as they experience annually. Inflationary increases will likely have to be addressed in such areas as: health insurance, property and casualty insurance, diesel fuel, electricity, and unemployment compensation. The current funding level would create the necessity of making additional budget cuts to accommodate these increases, and certainly any further reduction in revenues would only result in compounding the issue. *
3. For 2009-10 revenue availability remains questionable; therefore, we are utilizing the most recent information available from the State. The preliminary projected decline for next year is an additional 9.2% (or \$1.6 billion) from the current base resulting from the recent Special Legislative Session, (note that numbers do not include further reductions for declining student enrollment). [The basis for this estimate is information provided by the Office of Economic and Demographic Research (EDR).] This projected reduction equates to an additional \$633 per student in cuts. This amount would be in addition to the \$448 per student that districts have had to already cut since 7/1/07. This would bring the total reduction per student since 7/1/07 to \$1,081 (from \$7,308 per student to \$6,227 per student, or a reduction of 15%).
4. Any enhancements to the 2009-10 budget, including cost of living increases for employees and program development, could only be considered once the above revenue and unavoidable costs are dealt with and a balanced budget is achieved. Continued deterioration of revenues will result in further negative impact on the quality of educational programs for students.
5. For 2008-09 the state reduced the millage for Capital Projects Funds from 2.000 mills to 1.750 mills. This resulted in districts deferring or canceling planned capital projects and cutting some nonrecurring funds. Dealing with these items will also have to be addressed in the budget development process for 2009-10.

The above assumptions were predicated upon knowledge as of the end of special session on 1/16/09. Any further reductions for this school year, other than the outcome of the January 2009 Special Legislative Session, would necessitate a revision in these assumptions. In addition, if the revenues should deteriorate further the above assumptions would have to be modified accordingly.