

Revenue Projections



**Board of Education
Regular Session
February 16, 2010**

Major Revenue Sources

- Property Taxes
 - *Assessed Valuation and Levy Rate*
- Sales Taxes
 - *State Economy & Per Pupil Amount*
- State Foundation Formula
 - *Average Daily Attendance and Weighted Factors*

How are we doing this year (2009-10)?

- **Property Taxes**

- Based on current receipts and trend projections, we will be about \$800,000 better than budget. Approximately \$650,000 of this increase is from delinquent payments.

- **Sales Taxes**

- Based on current receipts and trend projections, we will be about \$500,000 worse than budget.

- **State Formula**

- The latest information from DESE is that we will be about \$330,000 worse than budget.



However, there are still some unknowns

- We are waiting on significant payments from local (M&M sur-tax), county (fines & forfeitures), state (high needs fund) and federal (Medicaid) sources.
- The State Budget Director has indicated a possible reduction of 1.4% (\$600,000) in current year state funding, though legislators have indicated support for continuing to fully fund the formula.

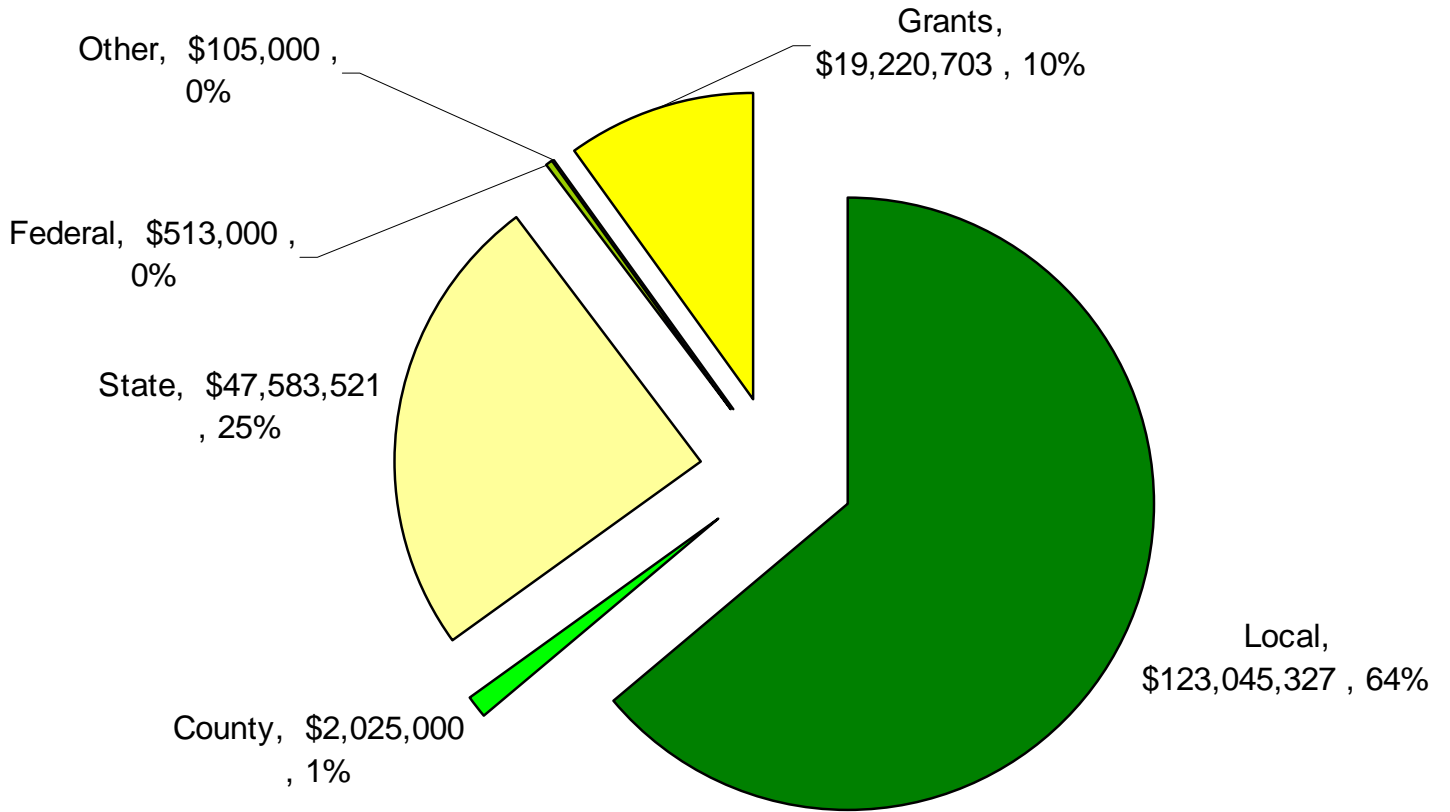


What's the bottom line?

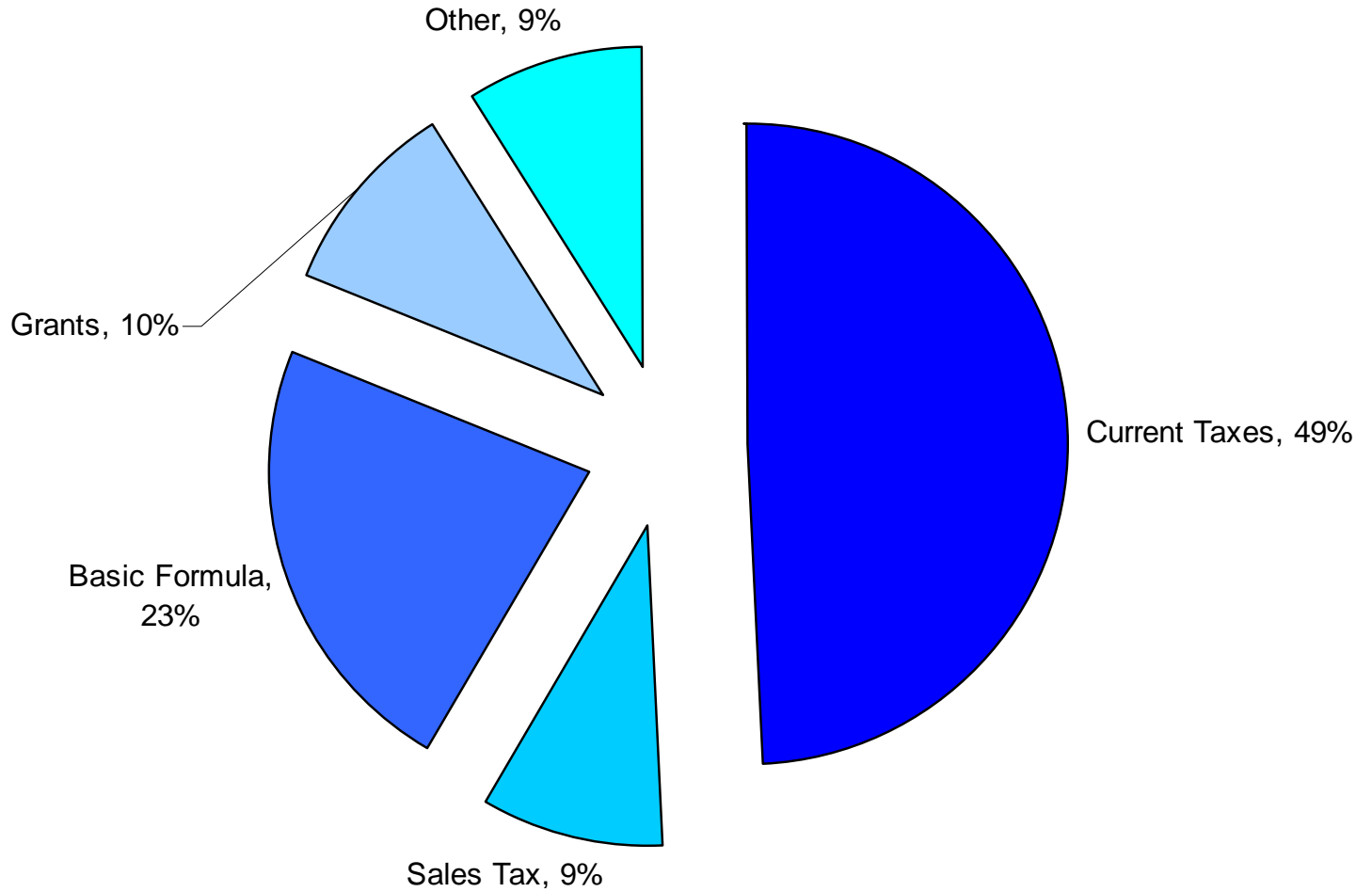
Assuming that payments not yet received come in close to budget, and the state does not make further funding cuts:

Current revenue projections indicate that SPS will be right at budget.

Revenues by Source



Revenues by Object





Questions?

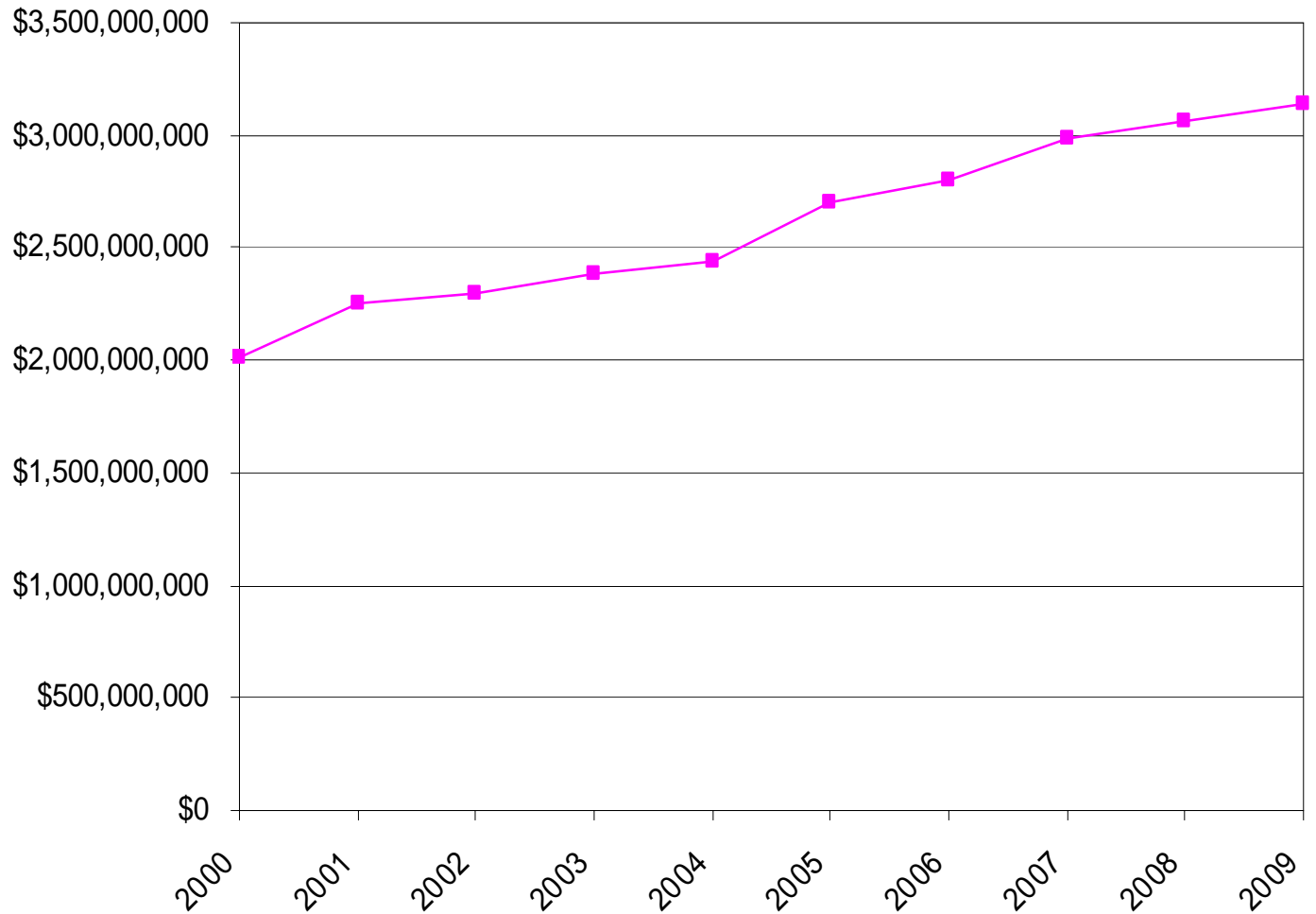


What is projected for next year (2010-11)?

- **Current Property Taxes**

- While the current year's budget represents a \$1.1M increase over the prior year, this was a fourth-year reassessment year. Based on trend projections and conversations with local government officials, we are projecting an increase of \$700,000 for next year.

Assessed Valuations



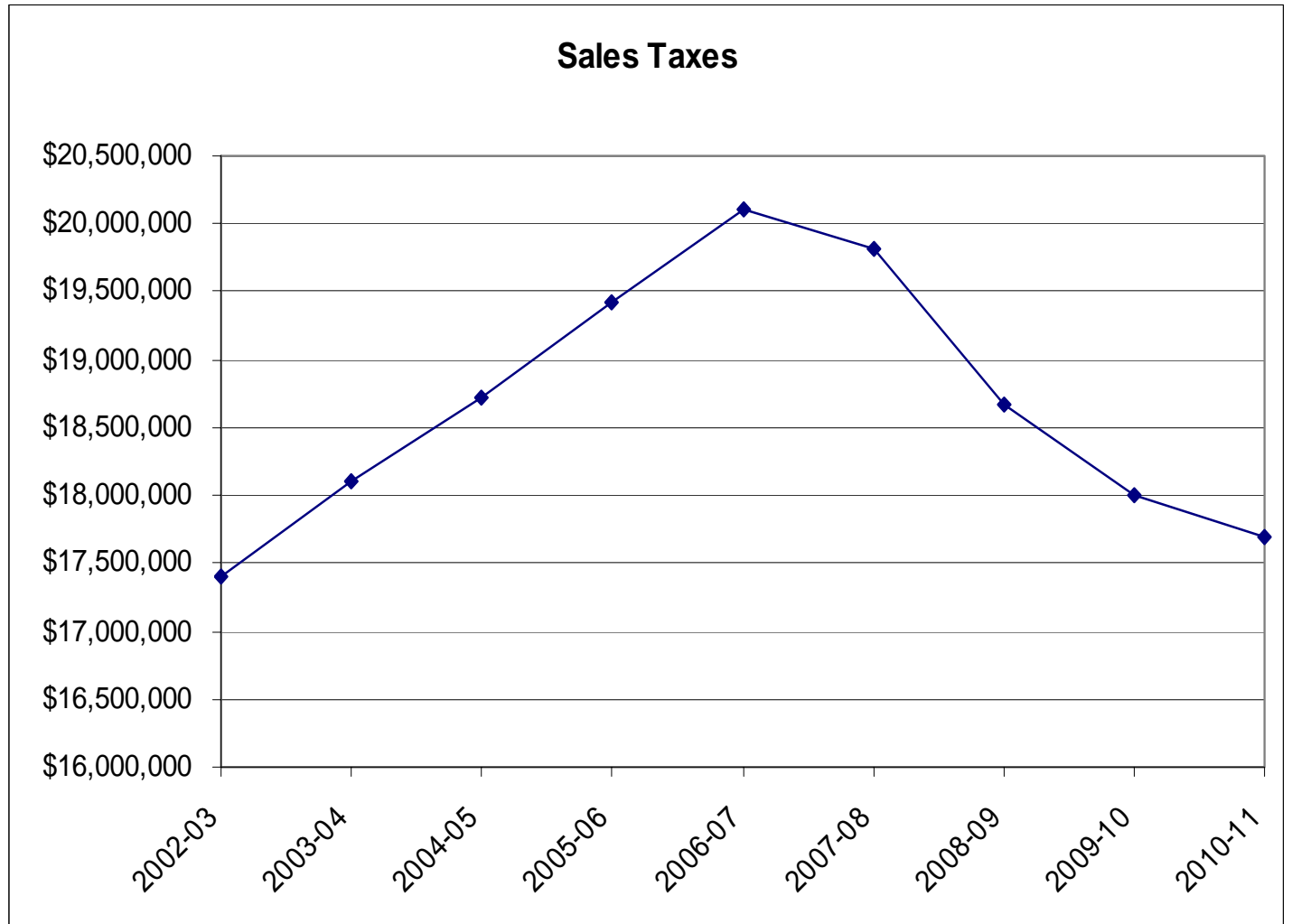


What is projected for next year (2010-11)?

- **Sales Taxes**

- As the economy hits bottom, we are anticipating the decline in sales tax revenue to lessen from \$500,000 to \$300,000.

Sales Taxes (Prop C)





- **State Funding**

- The latest information indicates a reduction in state formula funding of 2-4%. Instead of an expected \$1.4 million increase under a fully funded formula, using the more conservative reduction of 4% results in a \$400,000 decrease from the current year budget.

- **Transportation**

- Transportation is projected at a 5% decrease from the current year. Expectations are that any further reduction in transportation will be used to increase funding of the formula.

- **Parents As Teachers**

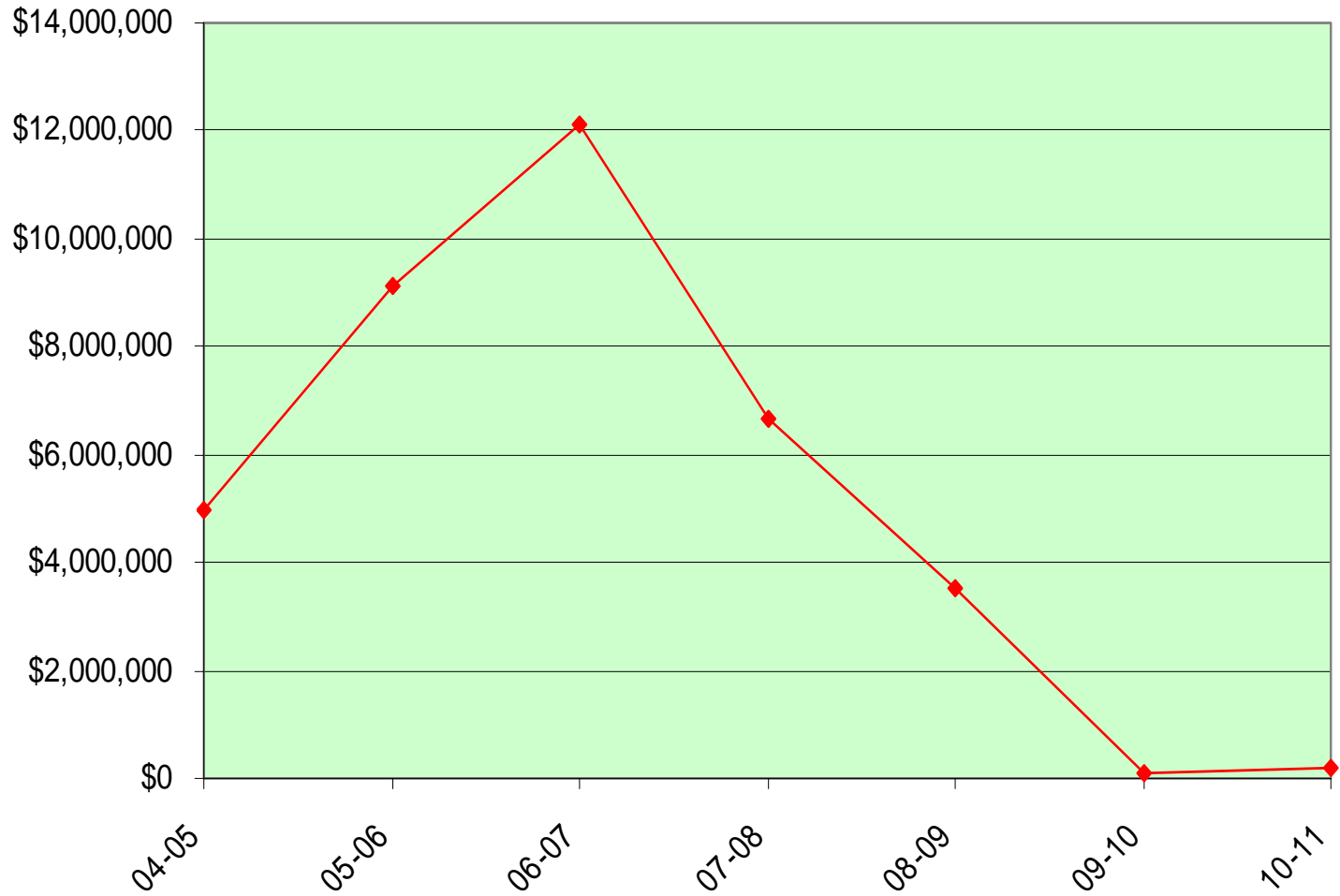
- Funding for PAT is projected to be \$50,000 worse than budget in the current year and the latest information is that funding for PAT will decrease by an additional 15%, or \$120,000 for next year.



What's the bottom line for next year?

The projected operating revenue of \$192,500,000 represents an increase of \$200,000 over current revenue.

Annual Revenue Increases



A decorative border on the left side of the slide, featuring a green chalkboard background. Two pieces of pink chalk are visible, one standing upright and one lying horizontally. White chalk markings include a curved line and a large, stylized letter 'X'.

Questions?



What about 2011-12 revenues?

National Economy

- The Nation is in a **RECESSION**
 - The Question Is – **How Long Will It Last?**
- *Two recent infusions of cash into the economy by the Federal Government*
- TARP (\$700 B) Troubled Asset Relief Program
 - ARRA (\$789 B) American Recovery & Reinvestment Act

Stimulus Dollars – Impact on Missouri

- The federal stabilization dollars have given the citizens the impression MO is doing just fine.
- MO is not doing just fine – and few are talking about it.
- The date of reckoning for the state budget is just being pushed forward a year or two by using stabilization dollars.

What is the State of Missouri's deficit, absent Federal Stimulus Funding?

- Gov. Nixon used \$766 M of Stimulus funds to balance the FY 2010 general fund revenues with proposed expenditures.
- The State was about \$236 M in FY 2009 below the revised consensus revenue estimate of -4%.
- Therefore, the State General Revenue Fund deficit will be \$1 Billion for FY 2010 budget absent federal stimulus.
- The remaining stimulus funds will be used for FY 2011, resulting in a funding cliff in FY 2012.

Impact on Missouri

What happens when the stimulus funds are no longer available after next year?



The “future” for Missouri

- State formula withholdings may have to become permanent cuts.
- More cuts will be necessary.
- The money to support what we are doing will not be there.



Summary

- FY 10 – Revenues should meet budget
- FY 11 – Revenues should increase by only \$200,000
- FY 12 – Revenues, because they have been supported by stimulus funds in the prior two years, will fall off a cliff unless the economy improves significantly in a short timeframe or the federal government provides additional stimulus funds.

Final Note

- Without an increase in revenue in 2010-11, any increases in expenditures (salary step, benefits, critical needs) will have to be funded from budget reductions in other areas.
- Reminder: These reductions will be after the District cut \$4M last year and \$6M this year.

Board Direction

- Salaries
- Staffing level
- Fund balance

