

School District of the City of Royal Oak
MEMORANDUM

TO: Thomas L. Moline
FROM: John R. Schwartz
DATE: November 6, 2009
SUBJECT: Budget Reduction Recommendation 2009-10

Please find below the listing of recommended budget reductions for fiscal year 2009-10. The recommendations are the result of discussions at Executive Council, Administrative Council, Board of Education Workshop, and input received from staff and community. The recommendations are in response to multiple State funding cuts amounting to \$553 per student or \$2,977,000.

<u>Recommendation</u>	<u>Current Year Projected Savings</u>
<ul style="list-style-type: none">• ARRA Special Education IDEA 50% Rule This allows the charging of local special education expenditures to the ARRA IDEA Grant in the amount of 50% of the increase in IDEA funding. It should be noted that there will be <u>no</u> change in current year Special Education services as a result of the application of the 50% Rule. This will effectively reduce the Maintenance of Effort amount in the current year and will create a one-time opportunity to restructure Special Education services in 2010-11 to yield necessary budgetary savings.	\$736,000
<ul style="list-style-type: none">• Hiring Freeze All open position will be filled only if absolutely necessary. Projected savings are the result of four (4) identified positions that are not scheduled to be filled during 2009-10.	\$92,000
<ul style="list-style-type: none">• Eliminate Overtime Overtime will be eliminated except for life/safety, fee for service programs, or paid by facility renters.	\$50,000
<ul style="list-style-type: none">• Reduce Supply, Material, and Capital Outlay Allocation by 10% Reduces allocation for supplies, materials, and capital outlay by 10%. These are across-the-board reductions.	\$165,000

<u>Recommendation</u>	Current Year Projected Savings
<ul style="list-style-type: none"> • Reduce Bus Purchase Allocation Reduces allocation for bus replacement purchases. 	\$30,000
<ul style="list-style-type: none"> • Reduce Athletic Fund Transfer The General Fund transfer to the Athletic Fund will be significantly reduced. This recommendation will not impact Athletic program offerings in the current year. This is considered a one-time use of fund equity in the Athletic Fund. Budgetary savings will not continue into next fiscal year. 	\$500,000
<ul style="list-style-type: none"> • Reduce Community Service Fund Transfer The General Fund transfer to the Community Service Fund will be significantly reduced. This recommendation will not impact Community Service program offerings in the current year. This is considered a one-time use of fund equity in the Community Service Fund. Budgetary savings will not continue into next fiscal year. 	\$750,000
<ul style="list-style-type: none"> • Eliminate Contribution to Band Uniform/Instrument Sinking Fund Eliminates annual allocation for the replacement purchase of marching band uniforms and instruments. The balance in the Marching Band Uniform Sinking Fund remains at \$38,415. Additionally, the balance in the Instrument Sinking Fund remains at \$15,588. There will be no future allocations to the above mentioned sinking funds. 	\$5,000
<ul style="list-style-type: none"> • Eliminate Music Sectionals Before and after school music lessons will no longer be provided. 	\$19,000
<ul style="list-style-type: none"> • Increase Indirect Cost Allocation to Food Service Fund Allocation of overhead costs will be increased and charged to the Food Service Fund. 	\$63,000
<ul style="list-style-type: none"> • Athletic Fund Reductions Reduces supplies, materials, entry fees, and game workers in the Athletic Fund. This recommendation will not impact sport offerings in the current year. 	\$20,000
<ul style="list-style-type: none"> • Athletic Transportation Changes Implement one-way athletic runs and eliminate transportation for contests in close proximity to Royal Oak. 	\$8,000
<ul style="list-style-type: none"> • Eliminate Substitute Usage for School Improvement Activities Substitutes used to release teachers to conduct school improvement activities will be eliminated unless funded with Title II Grant dollars. 	\$37,000

<u>Recommendation</u>	Current Year Projected Savings
<ul style="list-style-type: none"> • Field Trips Must be Self-Supporting Transportation and substitute costs for student field trips must be financially supported by a cash deposit to reimburse the District for costs incurred. 	\$15,000
<ul style="list-style-type: none"> • Reduce Technology Hardware Purchases and Technology Services Purchases of hardware and technology services provided by the District will be reduced. 	\$25,000
Total Current Year Budgetary Reductions 2009-10	\$2,515,000

The above mentioned recommendations yield the necessary budget savings in the current year with minimal impact on the instructional programs. However, many of the items are considered “one-time” budget reductions and merely postpone budget reduction decisions into next year. This strategy will allow for proactive decisions and needed planning. Efforts to gain cooperation and support of staff to provide future budgetary savings will also continue.

Let’s not forget that fiscal 2010-11 looms on the horizon with budgetary challenges never seen before by our District. The changes in programs and operations will be significant if economic conditions continue to deteriorate; if legislative action is not taken to reform state and local services and programs; and, if cooperation and support of employee groups is not attained.

/bls