

FY 13 Amended Budget

Board of Education
October 24, 2012

Our FY 13 Budget needs to be amended

- Additional appropriation required to implement recently-approved CTU contract
- \$103 million in added FY 13 costs covered by mix of increased revenues and cuts
- Budget remains balanced, but still uses all reserves
- Challenges for FY 14 remain

FY13 Budget Amended to Implement CTU Contract

- Budget approved August 24, 2012 included funds for all concluded union agreements
- New CTU contract adds \$103M to that budget in increased compensation
- Amended budget released October 5 and budget website updated with full details
- Public hearings held October 16; additional hearings November 5 to ensure full participation
- Amended budget reviewed with Board today, with approval proposed at November 14 meeting

Added expense primarily for teacher compensation

3% cost of living increase	\$59 million
Step increases(reward more experience)	\$33 million
Lane increases (reward academic levels)	\$ 5 million
COLA for non-teachers (clerks, aides)	\$ 6 million

Total

\$103 million

How will we cover the new costs?

- **Operations (\$21 million)**

- Improve Food Service revenue and expenses (\$11 million)
- More aggressive Procurement target (\$10 million)

- **Administration (\$12 million)**

- Delay or cancel filling vacant, non-teaching positions (\$ 8 million)
- Further trim other budget items (\$4 million)

- **Financial (\$70 million increase in operating revenue)**

- Capitalize interest on Aug 2012 bonds (\$13 million)
- Sell surplus properties (\$15 million)
- Refinance bonds maturing 2013 and 2014 (\$42 million)

Adds \$103 M in Contract Costs, Cuts \$33 M in Expenses, Net \$70M Increase

Operating Budget Summary	August Budget \$ millions	Amended Budget	Change	Comment
Revenue TOTAL	4,730.5	4,800.5	70.0	
Property Tax	2,052.8	2,052.8	0	
Replacement Tax	105.7	105.7	0	
Other Local	137.9	137.9	0	
General State Aid	862.8	932.8	70.0	Debt service savings free up GSA
State Pension Aid	10.9	10.9	0	
Other State	649.5	649.5	0	
Federal	910.9	910.9	0	
Expenditure TOTAL	5,162.3	5,232.2	70.0	
Salaries	2,572.2	2,667.1	94.9	\$103M added net of \$8M savings from unfilled positions
Benefits	887.7	887.7	0	
Non-Compensation	1,702.4	1,677.4	(25.0)	Procurement, Nutrition, and other Admin reductions
Net Surplus/(Deficit)	(431.8)	(431.8)	0	No change in use of reserves

FY 14 Budget Still Poses Significant Challenges

- \$1 Billion deficit projected
- Pension cost increase of \$338 million is a significant driver of the deficit
- Reform of pension system essential prior to July 1, 2013