

Budget Talk



LAKE WALES
CHARTER SCHOOLS

March 19, 2009

Slashing the budget

How bad is the budget picture for Lake Wales Charter Schools?

The forecast is very serious. Every new State of Florida projection is worse than the last one.

We are still absorbing cuts for this current 2008-09 school year, and

we expect the funding level for 2009-10 to be much lower.

Some forecasts have next year's public school funding down by 15% ... or more.



Questions & Answers

Q. How did things get this bad?

A. Here's a very short, over-simplified answer. Florida's economy started collapsing even before the rest of the country. Our state budget in Florida – the money that helps pay for our public schools – is highly dependent on the state sales tax. When the economy is in trouble, people are afraid to spend money and the state doesn't collect as much sales tax. Our state is in a huge slump.

Q. How much has already been cut from the LWCS budget? Specifically, what kinds of things were cut?

A. Like so many things, this is a pretty complicated question to answer. Basically, over the last two school years (2007-08 and 2008-09), we "lost" an estimated \$1.3 million in revenue that we expected to get from the State of Florida. Part of the loss was due to a reduction in state funding, and a smaller part was due to a drop in enrollment.

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These questions have been asked recently by LWCS staff, parents, students and community members. We hope these answers will help explain the current funding situation.

... more Questions & Answers

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Another way to answer this question is to look at the amount of money the Lake Wales Charter Schools earned per student before and after this budget crisis began. At the very beginning of the 2007-08 school year, we were receiving \$6,408.51 per UFTE (unweighted full-time equivalent). By the end of 2007-08, that amount had been cut to \$6,333.09 UFTE, and midway through 2008-09, cuts had further reduced it to \$6,062.19 UFTE. We have been warned to expect even more drastic cuts.

Our local budget cuts are reactions to the continuing changes in state funding. Each of our schools eliminated positions and/or tightened program and supply budgets. All our schools already were very good about monitoring and controlling things like utility bills.

Q. How much more needs to be eliminated?

A. We still aren't sure, and that's what is so frustrating. It is very difficult for state leaders to finalize a budget when economic projections are constantly changing.

However, we believe \$3.45 million in cuts for Lake Wales Charter Schools is one potential estimate, based on state and Polk County School Board projections right now.

Q. Who will decide what to cut?

A. Ultimately, our LWCS Board of Trustees will approve a budget. But many of the specific decisions and recommendations will be made by Superintendent Jesse Jackson and our principals.

Q. What kinds of expenses might be reduced or cut altogether?

A. We are looking at everything. Obviously, we would like to preserve jobs (salaries and benefits) if at all possible. Certain other expenses, like utilities and bus transportation, can't be eliminated but we need to make sure that we are being as efficient as possible. We are going through school and program budgets line by line to identify potential cuts and savings. We also are looking at all the suggestions we received from our own Lake Wales Charter Schools staff members.

Q. What's the difference between a pay cut and a furlough day?

A. Great question. Although there are ways for the Charter System to save the same amount of money – either through a pay cut or furlough days – they are different approaches.

Pay Cut: If all 360+ full-time employees in the Charter System took a 1% pay cut for the 2009-2010 school year, that would probably save the system about \$164,000 (salaries and benefits). A pay cut would be spread across the entire year. For instance, an employee whose salary was \$38,000 would have a 1% cut of \$380. The \$380 reduction would be spread across 24 paychecks (pay reduced by \$15.83 per check).

Furlough Day: If all full-time employees took one

day without pay, it would save the system about \$84,500 (salaries and benefits). However, the furlough day pay (the employee's daily rate) would all be "missing" from the paycheck or pay period in which the furlough day occurred.

Two furlough days would generate about the same savings as a 1% across-the-board pay cut. The main difference between the two types of cuts would be that a percentage pay cut could be

spread out over 24 pay checks.

Q. Can we make any changes to our health insurance plan to save money?

A. We are working with our broker now to try to find the best possible solution for our employees and for the Charter System. We will share more information as soon as we have it.

Q. Could we save money by making some changes in our school cafeterias? For instance, could we stop using disposable items and return to old-fashioned plates, silverware, etc.?

A. That's a good question, because it gives us a chance to explain that we (LWCS) don't operate the food service in our six schools. Food Service is run by the Polk County School Board. The employees who work in the cafeterias – even though we like them and treat them like "part of the family" – are actually PCSB employees. If any money could be saved through efficiencies in the cafeteria, those savings would go back to the PCSB.



**Q. How much do we pay our LWCS Board of Trustees?
Will they take a pay cut if things get really terrible
and the rest of us have to take a pay cut?**

A. Our Trustees are all volunteers and have been since the very beginning of the Charter system in Lake Wales. They don't get any reimbursement for the time they spend at meetings.

Q. Could we sell the LWCS Central Office and move those 11 employees to one of the schools?

A. Another great question. We don't own the Central Office. We have a lease (for \$1 a year) with Progress Energy. The only "real" expense of the Central Office is utilities, but in theory, LWCS would have to pay for utilities for these people no matter where they were housed, even at a school. Right now, there isn't a school with enough empty space to accommodate our LWCS support staff.

Q. Can the Charter System write grants or raise more money in the community?

A. We are trying. We have a small group of key staff looking at outside funding opportunities, but we also want to be realistic. (Because of the national recession, every school system and non-profit organization is scrambling for grants and additional funding.) Our LWCS Foundation has a good track record of raising money locally – in fact, during 2008, our Foundation raised more money locally than ever before. Our friends and neighbors support our charter schools, but most of our community is struggling in 2009 so we need to have realistic expectations about fundraising this year.

Q. Are other school systems and districts facing similar challenges?

A. Yes. In fact, some county-wide districts appear to be in tougher budget situations right now. We took a very conservative budget approach last year and this year, which helped put our Lake Wales Charter Schools in a slightly better position going into this next budget cycle.



Q. What are other school systems doing to meet their budget shortfalls?

A. We are constantly monitoring the actions of other Florida school systems, looking for ideas and staying up-to-date. One good source of information is the daily newspaper digest service www.theEdFly.com which posted these recent stories:

Going to a four-day school week may save Manatee schools money but district officials say it raises serious questions. The potential savings are attractive, said Manatee school board member Bob Gause. "But I am not sure how the education component of it factors in," he said. "The bigger issue is ... you have an additional day of parents figuring out how to take care of kids." – Bradenton Herald

About 134 teaching positions could be eliminated from the Escambia County School District because of a \$28 million budget shortfall ... Also nearly 69 teacher-support staff, including principals, assistant principals, guidance counselors, art teachers, music teachers and PE teachers, will be cut ... – Pensacola News Journal

(Lee County) Superintendent James Browder told the gathering in the Cape Coral High School auditorium that the district could be facing a cut of up to \$69 million for the 2009-10 academic year, although the final amount will be determined by decisions made by the Legislature. Browder offered information on how the district could make spending reductions, including cuts in non-personnel areas, personnel areas, programs and other places. – News-Press, Fort Myers

Golf, Tennis, water polo and boys' volleyball may be gone from Broward high schools next year – and middle schools may lose swimming, softball and volleyball – as part of budget cuts recommended by school principals ... Broward would join Orange and Pinellas counties in Florida, which are among those considering eliminating some sports

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Orange County school leaders angered hundreds of parents and teachers Monday night (March 9) when they put off a decision to shutter eight small elementary schools next year as a way to save as much as \$8 million. – Orlando Sentinel

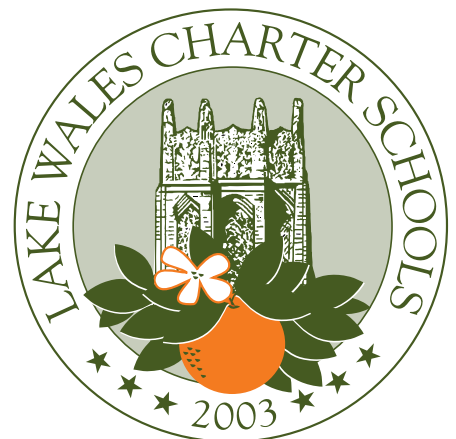
A bare-bones summer school offering likely will be approved tonight (March 10) by the Brevard County School Board.

Brevard Public Schools already has trimmed \$101.4 million from its budget, including \$5 million of comprehensive summer school programs that Superintendent Richard DiPatri had worked to implement during his eight-year tenure. – Florida Today, Cocoa

Hillsborough County school administrators unveiled a budget-cutting plan this week (March 9) that would mean lost wages for thousands of employees. Administrators have proposed two-day furloughs with no pay next school year for teachers, custodians and bus drivers, among others. Those who work on 12-month contracts, which include administrators and their secretaries, would take three days off without pay. The school district also would cut pay for teachers hired after they retired. – Tampa Tribune

Eighty-eight instructional positions in the Lake County school district might be lost because of small shifts in enrollment and changes the School Board made recently to the district's "allocation formula" ... that determines how many teachers and other kinds of employees each school gets. Last week, the board changed the formula to save millions of dollars next school year ... The 88 positions include classroom teachers and some media specialists and guidance counselors. – Orlando Sentinel

The Florida High School Athletics Association released a proposal Tuesday (March 3) to reduce the maximum number of contests for both varsity and sub-varsity sports at all member schools in the state. If the proposal passes ... it would cut the maximum number of contests for non-football varsity sports by 20 percent ... For junior varsity sports, the number would be cut by 40 percent ... It's a big potential cut for area athletics programs in a tough economic situation. – Pensacola News Journal



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