

RISD Budget Update

- RISD does not receive any increase in operating tax revenue from increased property values like the city, county and other taxing entities do. Under the current school finance system, all additional school property operating tax dollars paid by taxpayers due to increasing property values are returned to the state in the form of recapture, also referred to as "Robin Hood."
- Passed in a special legislative session in the spring of 2006, House Bill 1 froze RISD's rate of operating tax and State revenue at the 2005-2006 level per WADA without a rollback election, and we do not expect any financial relief from the state for the 2008-2009 or 2009-2010 school years.
- RISD projects a budget deficit for 2008-2009 of \$873,181, and an additional deficit for 2009-2010 of \$2.2 million. The budget shortfall is due to several factors:
 - Declining student enrollment - student enrollment is projected to decline due to closure or expected closure of apartments which means our retained revenue will decline.
 - Increasing salaries - implementation of the proposed 2008-2009 salary increase for RISD employees costs \$5,646,818.
 - Increasing expenses - fuel and utility costs have increased significantly, further eroding budget dollars.
- Two options are available to RISD to balance the budget
 - Reducing expenditures and/or
 - Increasing revenue
- The following items have been identified to address the 2008-2009 projected deficit:

2008-2009 projected deficit	(\$ 873,181)
Projected revenue from in-house after school program	+ 614,304
Budget reductions resulting in savings include:	
Insurance premium savings, reductions through central administration attrition, lower appraisal district fees, cancellation of organizational memberships	<u>+ 274,274</u>
Remaining projected (deficit) surplus	\$ 15,397
- At this time, the efficiencies gained through the above budget adjustments indicate that no other programs will be affected for 2008-2009. However, there are a number of additional budgetary demands including lower investment income due to lower interest rates, higher fuel costs, higher energy consumption, lower than projected student enrollment, and additional staffing requests that may necessitate consideration of other budget reductions during the year.
- RISD will face additional, substantial challenges for 2009-2010 and will continue to identify and evaluate further efficiencies or revenue enhancements, such as a voter authorized maintenance and operation tax rate increase, as the budget process moves forward. As we deliberate options to balance the budget, every effort will be made to realize efficiencies that do not impact the classroom or compromise the quality of instruction.