



The displayed chart illustrates a ten year status of several different key indicators in the General Operations budget. It highlights the millage rate history, the ending fund balance, and the cumulative loss due to austerity amount.

As previously stated, the millage rate hasn't changed since the fiscal year 2003. The proposed 2010-2011 budget plans to maintain the same millage rate of 22.98 mills for the fiscal year 2011, for the eighth consecutive year.

The chart shows that the cash basis fund balance was at its lowest point in fiscal year 2003 when the austerity cuts impacted the budget mid-year and unexpectedly. On a cash basis, fund balance subsequently rose and has been maintained at the \$53 million range in 2008. The recent harsh economic times and persistent austerity reductions have lowered the cash basis fund balance to \$45.6 million as of the end of the 2008-2009 school year.

The most telling portion of this chart is indicated on the line graph in red. It plots the cumulative impact of the austerity reduction since the fiscal year 2003. By the end of the fiscal year 2010, the cumulative impact of the austerity reduction will be in excess of \$191 million. It is important to note that the austerity reduction has not been taken in equal installments since 2003. The austerity reduction is \$75 million in 2010 alone. More than half of the austerity reduction has been reduced from DeKalb's earnings in the 2009 and 2010 school years. The austerity reduction, as indicated here, has grown exponentially.

I want to take a moment to share with you to make sure you know what the term austerity reduction means. The austerity reduction is also known as the "amended formula adjustment." It is an across the board cut or reduction in the earnings calculated in the QBE funding formula. The austerity reduction is distributed across school districts pro-rata based on the school districts FTE or student count. Simply put, it is a reduction in earned state funding.

Austerity reductions or amended formula adjustments are expected to continue in the 2010-2011 budget year. Without an approved state budget, the best available estimate is that the 2010-2011 austerity reduction will be \$53.5 million.