

BUDGET UPDATE

February 26, 2009



State Budget Update

1

- State Approved Budget – February 20th
 - 2008-09 Revised/2009-10 Budget
 - Revenue Increases \$12.5 Billion
 - Spending Cuts \$14.9 Billion
 - Borrowing \$5.4 Billion
 - Federal Funds \$7.9 Billion
- American Recovery & Reinvestment Act
- General Election May 19th
- 2009 State Budget Revision will be delayed
- Education:
 - 2008-09 Reduction \$7.4 Billion
 - 2009-10 Reduction \$3.2 Billion
 - Categorical Program Flexibility through 2013

Multi-Year Budget Projection Governor's Proposal

2

	<u>2008-09</u> Deficit 9.685%	<u>2009-10</u> Deficit 16.161%	<u>2010-11</u> Deficit 16.161%
Revenues	\$229,620,841	\$219,868,075	\$221,404,062
Less: Expenditures	(251,196,525)	(244,200,001)	(248,978,782)
Increase/(Decrease) in Fund Balance	(\$21,575,684)	(\$24,331,926)	(\$27,574,720)
Beginning Fund Balance	29,517,255	7,941,571	(16,390,355)
Ending Balance	\$7,941,571	(\$16,390,355)	(\$43,965,075)
Less: Restricted Reserves	(8,667,022)	(8,057,127)	(8,200,490)
Unrestricted Balance	(\$725,451)	(\$24,447,482)	(\$52,165,565)

Multi-Year Budget Projection State Adopted Budget

	<u>2008-09</u> Deficit 7.844%	<u>2009-10</u> Deficit 13.094%	<u>2010-11</u> Deficit 13.094%
Revenues	\$232,379,114	\$224,567,412	\$226,120,136
Less: Expenditures	(251,196,525)	(244,200,001)	(248,978,782)
Increase/ (Decrease) in Fund Balance	(\$18,817,411)	(\$19,632,589)	(\$22,858,646)
Beginning Fund Balance	29,517,255	10,699,844	(\$8,932,745)
Ending Balance	\$10,699,844	(\$8,932,745)	(\$31,791,391)
Less: Restricted Reserves	(8,667,022)	(8,057,127)	(8,200,490)
Unrestricted Balance	\$2,032,821	(\$16,989,872)	(\$39,991,881)

Categorical Program Flexibility

4

■ Tier I - No Flexibility

- Legal Settlements & Voter Approved
- No Transfers, No Reductions

■ Tier II - Program Cuts, No Flexibility

- Reductions 2008-09 15.4%
- 2009-10 4.5 %
- No Transfers

■ Tier III - Maximum Flexibility

- Reductions 2008-09 15.4%
- 2009-10 4.5 %
- 100 % Transfer Authority

Tier I Programs

- **After School Education and Safety (ASES)**
- **Child Development**
- **Child Nutrition**
- **Economic Impact Aid (EIA)**
- **Home to School Transportation**
- **K-3 Class Size Reduction (relaxed penalties)**
- **Quality Education Investment Act (QEIA)**
- **Special Education**

Tier II Programs

	Funding Reduction	Revenue After Reduction
Agriculture Vocational Education	(\$1,361)	\$5,743
Partnership Academies	(15,524)	65,476
English Language Acquisition Program	(60,441)	210,259
Pupil Testing	(17,520)	45,889
Total	(\$94,846)	\$327,367

Tier III Programs

7

	Funding Reduction	Revenue After Reduction
Community Based English Tutoring	(\$42,484)	\$179,172
International Baccalaureate	(4,851)	20,460
Specialized Secondary	(10,076)	42,500
High School Exit Exam	(2,262)	9,540
CELDT	(7,185)	30,305
School Safety and Violence Prevention	(83,495)	352,170
Arts & Music Block Grant	(91,340)	385,259
CAHSEE Intensive Instructional Services	(51,063)	215,378
School Counseling Program 7-12	(163,585)	689,974
Gifted and Talented	(48,537)	204,721

Tier III Programs

8

	Funding Reduction	Revenue After Reduction
Instructional Materials K-12	(\$367,028)	\$1,548,067
Peer Assistance and Review Program	(25,425)	107,237
Certificated Staff Mentoring	(6,310)	26,612
Pupil Retention Block Grant	(17,143)	72,305
Teacher Credentialing Block Grant	(77,192)	325,584
Professional Development Block Grant	(312,362)	1,317,495
Targeted Instructional Improvement Block Grant	(369,953)	1,560,404
School/Library Improvement Program	(435,126)	1,835,295
Total Tier III Programs	(\$2,115,417)	\$8,922,478

K-3 Class Size Reduction (relaxed penalties)

9

Class Size	Penalty
Up to 20.44 students/teacher	None
20.45 to 21.44	5% Penalty
21.45 to 22.44	10% Penalty
22.45 to 22.94	15% Penalty
22.95 to 24.94	20% Penalty
Over 24.94 students/teacher	30% Penalty

Summary

10

	2008/09	2009/10	2010/11
<ul style="list-style-type: none">▪What We Gained:▪Deficit Factor Reduction	\$2.7 Million	\$4.6 Million	\$4.7 Million
<ul style="list-style-type: none">▪What We Lost:▪Tier II & Tier III Cuts▪Full Flexibility – CSR▪Full Flexibility - EIA	(\$1.7 Million) (\$4.3 Million) (\$3.3 Million)	(\$2.2 Million) (\$4.3 Million) (\$3.3 Million)	(\$2.2 Million) (\$4.3 Million) (\$3.3 Million)
Net Impact to the District	(\$9.3 Million)	(\$9.8Million)	(\$9.8 Million)

Level 1: Administrative

	2008-09	2009-10	2010-11
● Freeze Spending	500,000	0	0
● Reduce Discretionary Budgets	692,000	642,000	642,000
● Reduce Staffing to Contractual/Legal Required	125,000	678,000	678,000
● Eliminate Double Busing at CHS	0	115,000	115,000
● Move Unrestricted GF Expenditures to Restricted Funding	725,000	227,000	227,000

Level 2: Board Discretionary

12

	2008-09	2009-10	2010-11
● Board Discretionary Flexibility	1,900,000	5,000,000	5,000,000
● Board Discretionary Flexibility -CSR		1,000,000	1,000,000
● Adopt District-wide Calendar		456,000	456,000
● Sweep Site Block Grant	306,000		
● Eliminate MS Athletics		90,000	90,000
● Charge HS Students \$30 Athletic Fee		200,000	200,000
● Consolidate Small Schools:			
■ Imperial ES (\$944/student)		342,000	342,000
■ Panorama ES (\$809/student)		268,000	268,000
■ Riverdale ES (\$1,146/student)		345,000	345,000
■ Silverado ES (\$3,602/student)		263,000	263,000
● Reduce District Administration Staffing		1,800,000	1,800,000
● Reduce School Site Staffing		420,000	420,000

Level 3: Negotiable

	2008-09	2009-10	2010-11
● Reduce Non-Certificated Staffing		232,000	232,000
● Reduce Certificated Non-Classroom Staffing		300,000	300,000
● Increase HS Staffing Ratio 35:1		1,560,000	1,560,000
● Furlough All Employees - 3 Days		2,400,000	2,400,000
● Reduce All Salaries by 1%		1,600,000	1,600,000
● Reduce All Salaries by 2%		3,200,000	3,200,000
● Reduce All Salaries by 3%		4,800,000	4,800,000
● Freeze Step, Column & Longevity		3,150,000	3,150,000

Next Steps

- **February 27th** – County Office of Education
Second Interim Guidance
- **March 5th** – School Services of California State
Budget Analysis for Second Interim Adoption
- **March 5th** – Budget Work Study Session
FCMAT Fiscal Health & Risk Analysis
Presentation
- **March 12th** – Board Meeting
Budget Reductions & Second Interim Adoption

General Fund Expenditures

15

