Governor’s Budget Proposal and 2011-12 and 2012-13 Budget Recommendations and Reductions

Board Item #10.1

Board of Education
February 2, 2012
Overview

- 2011-12 Budget
  - Recommendations for Action
- 2012-13 Budget
  - Impact of Governor’s January Budget Proposal
  - Recommendations for Action
- Cash Flow
- Next Steps
2011-12 Budget

- “Trigger” Impact
  - Reduction in Transportation Revenue $2.00 M
    - 50% Home-to-School and Special Education
    - SB81 May Provide Some Relief
      - $13 per ADA Revenue Limit $0.50 M

Total 2011-12 Mid-Year Revenue Reductions $2.50 M
Balancing Mid-Year Reductions

- Reduction in Central Office operating costs and contract reductions (one-time) $ 0.672 M
- Use of remaining reserve for potential reductions/cash flow $ 1.828 M

Total 2011-12 Budget Expenditure Reductions $ 2.500 M
• “Flat Funding” if tax initiative passes
  – Doesn’t cover increased expenditures
  – Doesn’t cover revenue loss due to enrollment decline
  – Could help cash flow by paying down some deferrals
  – Won’t add new revenue for programs
  – $28 million shortfall is best case
• $370 per Average Daily Attendance loss if tax initiative doesn’t pass
  – $15 million loss to the District
• In addition to $28 million – total reduction of $43 million
• Elimination of all transportation revenue
  – Included in $28 million projection
“Alligator Chart” – Per Student State Funding

- **Fully Funded Per State Law**
- **Flat Funding**
- **Scenario 1: November Tax Measure Passes**
- **Scenario 2: November Tax Measure Does NOT Pass (Midyear $370 Per-Student Cut)**

<table>
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<th>Year</th>
<th>2007-08</th>
<th>2008-09</th>
<th>2009-10</th>
<th>2010-11</th>
<th>2011-12</th>
<th>2012-13</th>
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<td>Funding</td>
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• Revenue Reduction
  – Reduction in Average Daily Attendance/enrollment decline (500 students) $ 2.48 M
  – Special Education $ 0.86 M
    • Declining enrollment
    • Charters pulled out of Special Education Local Plan Area (SELPA)
  – Use of one-time funds to balance 2011-12 (Federal Education Jobs, Planned One-time Carryover, etc.) $10.98 M

Total Revenue Reduction $14.32 M
• Expenditures
  – Step/Column/Attrition $2.50 M
  – Estimated 10% Increase $6.04 M on Health & Welfare benefits
  – Furlough/Salary Reduction $3.07 M Agreements End June 2012

Total Expenditure Increase $11.61 M
• Revenue Decrease $14.32 M
• Expenditure Increase $11.61 M

Total Estimated Shortfall $25.93 M

Governor’s January Budget $2.00 M
• Complete Elimination of Transportation
  – Assumes tax measure passes

Total Estimated Shortfall $27.93 M
2012-13 Proposed Recommendations

- PARS Payments Charged to Retiree Benefits Fund $3.74 M
- Reduce Contracts and Central Office Operating Budgets $1.00 M
- Use Reserve for Unfunded Liability (One-time) $1.00 M

Sub-Total Proposed Recommendations $5.74 M
($1.0 Million One-time)
2012-13 Proposed Recommendations cont'd

- Reduce Central Office Staff or Equivalent $ .50 M
- Five Furlough Days for Unrepresented Management, Supervisors, Confidential (One-time) $ .16 M
- 50% Reduction of Board Stipend $ .03 M
- Freeze Step Increases for Unrepresented Management, Supervisors, Confidential (One-time) $ .03 M

Sub-Total Proposed Recommendations $ .72 M
• Tier III Programs
  – Eliminate Adult Education $ 2.90 M
    • Reflects elimination of revenue contribution
    • CAJ Ed Center to be self supporting
  – Eliminate Deferred $ .75 M Maintenance Contribution (One-time)
    • Needs will be compounded
  – Eliminate School Library $ .72 M Improvement Block Grant
    • Eliminates Librarians from middle schools (3.6 FTE’s)
– Eliminate Arts and Music Grant $ .57 M
  • Eliminates Music Teachers (5.6 FTE’s)
– Reduce ROP by 5% $ .08 M
– Reduce GATE program by 5% $ .02 M

**Total Tier III Reductions** $ 5.04 M
• Increase Class Sizes to Contract Maximum (87 FTE’s) $ 4.79 M
• Eliminate 50% Custodial Staff (60 FTE’s) $ 3.40 M
• Eliminate 50% Plant Managers (37 FTE’s) $ 2.09 M
• Eliminate Middle and High School Counselors (19.8 FTE’s) $ 1.68 M
• Reduce Maintenance Staff by 20% (17 FTE’s) $ 1.27 M
• Eliminate Co-Curricular Support $ 1.26 M
• Eliminate 50% Middle/High School Assistant Principals (9.5 FTE’s) $ 1.13 M
• Eliminate Home-to-School Transportation (18 FTE’s) $ .98 M
• Eliminate Middle and High School Librarians (7.87 FTE’s) $ .82 M

Sub-Total Proposed Recommendations $17.42 M

Grand Total Proposed Recommendations $28.92 M
Possible Solutions

• Requires Negotiations
  – Furlough Days
  – Reduce School Year
  – Health Benefit Savings
  – Salary Reductions
Cash Flow Report

- Generated from Escape Finance System
- Reflects Actuals through December
- Provide to Board monthly per request
Next Steps

- Discussions with bargaining unit partners for 2012-13
- Continue Review of Governor’s January Budget
- Monitor State Budget Assumptions
- Continue update of “Budget News” on District Web-Site
- Budget Survey
Next Steps cont’d

- Community Budget Forums
- Second Interim Financial Report to SCOE by March 15
- March 15 Notices to Staff
- Review of Governor’s May Revise
- Balanced 2012-13 Budget for Adoption