Budget Overview
Board Item #8.3

Board of Education Meeting
April 19, 2012
Overview

• Factors That Impact Fiscal Solvency
  – External
  – Internal
• Serna Center Salary Data
• Serna Center Operating Costs Data
• School Site Carryover
• Standardized Account Code Structure (SACS) Reports
• Next Steps
External Factors That Impact Fiscal Solvency

• Reduced Revenues
  – 2012-13 revenue limit funding at same level as 2004-05
  – Revenue limit funding accounts for 56% of general fund revenue
  – Operating costs have continued to rise
External Factors That Impact Fiscal Solvency (cont’d)

- Estimated 2012-13 revenue limit backslides to the level in 2004-05.
- However, operating expenses are still driven by salaries and benefits that reflect increases since 2004-05.

![Graph showing funded revenue limit (amount per ADA)]

- 2004-05: $4,831
- 2007-08: $5,785
- 2012-13: $4,841
External Factors That Impact Fiscal Solvency (cont’d)

Annual District Health Cost per Employee

External Factors That Impact Fiscal Solvency (cont’d)

• Budget Uncertainty
  – State ballot initiatives
  – Projected state revenue

• Cash Flow
  – State deferrals
  – Borrowing (Tax Revenue Anticipation Note)
  – Additional deferrals on the horizon?
External Factors That Impact Fiscal Solvency (cont’d)

• Trigger or Automatic Mechanisms
  – Mid-year budget adjustments
  – Possible further reductions

• New Legislation
  – Subsequent law or regulation that complicates school district funding or budget preparation

• Wildcard
  – Any unexpected or unforeseen negative circumstance that changes the financial situation of the state which is then passed on to schools
Internal Factors That Impact Fiscal Solvency

• Declining Enrollment
  – Impacts funding

• Deficit Spending
  – Reliance on one-time “fixes” to balance budget to avoid further program reductions

• Low Reserves
  – Maintain minimum 2% required reserve
  – Inability to increase reserves due to significant budget reductions for prior 10 years
Internal Factors That Impact Fiscal Solvency (cont’d)

• Time
  – Statutory deadlines
  – Urgency to approve balanced budget
  – County Office oversight
  – Maintain “Qualified” certification
Qualified Could Downgrade to Negative

- Second Interim report was qualified with approved 2012-13 reductions of $28.9 million.
- An additional $15 million of reductions needed assuming Governor’s tax initiative is not successful.
- SCOE can change the qualified status to negative if total budget reductions are not made for 2012-13.
Management Positions at Serna Center

• Academic Office
  – Professional Development
  – State and Federal Programs
  – Multilingual Services
  – Special Education

• Accountability Office
  – Assessment, Research, and Evaluation
  – Enrollment Center
  – School Oversight
  – Technology

• Administrative Services
  – General Accounting
  – Budget Services
  – Compensation and Benefits

• Human Resources
  – Employment
  – HR Training
  – Legal Services

• Office of Family and Community Engagement
  – School, Family, and Community Partnerships
  – Youth Development Support Services
  – Integrated Support Services

• Superintendent
  – Board of Education
  – Communications
Management includes managers, coordinators, specialists, directors, assistant superintendents, cabinet members, superintendent. All other FTE’s include school site staff, maintenance and facilities, transportation etc.
### Positions by Funding Source

<table>
<thead>
<tr>
<th></th>
<th>2008-09</th>
<th>2009-10</th>
<th>2010-11</th>
<th>2011-12</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Restricted</strong></td>
<td>54.63</td>
<td>48.92</td>
<td>49.10</td>
<td>51.33</td>
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<tr>
<td><strong>Unrestricted</strong></td>
<td>28.38</td>
<td>29.88</td>
<td>25.30</td>
<td>25.18</td>
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</tbody>
</table>

Reorganization in 2010-11. 2011-12 includes new enrollment center director and new .50 athletic director. Increase in Restricted due to SLC and Linked Learning funding.
Serna Center Operating Costs

General Fund Supplies, Services, Capital Outlay

<table>
<thead>
<tr>
<th>Millions</th>
<th>2008-09</th>
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<th>2010-11</th>
<th>2011-12</th>
</tr>
</thead>
<tbody>
<tr>
<td>Restricted</td>
<td>$24.93</td>
<td>$27.95</td>
<td>$23.17</td>
<td>$25.32</td>
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<tr>
<td>Unrestricted</td>
<td>$7.03</td>
<td>$7.81</td>
<td>$7.67</td>
<td>$7.99</td>
</tr>
</tbody>
</table>

2011-12 Unrestricted includes $6.8 million for PARS, Property and Liability Insurance and Legal Costs. Restricted includes new revenues such as SE Mental Health and School Improvement Grant.
Indirect Cost Rate Changes

- Calculated state formula for general management costs for administrative activities
School Site Information

• Schools with more than $75,000 in Title I and Economic Impact Aid Carryover that did not meet Growth Targets both school-wide and subgroups for 2010-11.

• Elementary and K-8:
  - A.M. Winn
  - Clayton B. Wire
  - Collis P. Huntington
  - Ethel I. Baker
  - Ethel Phillips
  - Freeport
  - John Cabrillo
  - John Sloat
  - John Still
  - Mark Hopkins
  - Mark Twain
  - Martin Luther King
  - Nicholas
  - Pacific
  - Parkway
  - Peter Burnett
  - William Land
  - Woodbine
School Site Information (cont’d)

• Schools with more than $100,000 in Title I and Economic Impact Aid Carryover that did not meet Growth Targets both school wide and subgroups for 2010-11.

• Middle and High School:
  – Rosa Parks
  – Luther Burbank
  – Rosemont
• See sample of SACS report
  – Detail and Summary
    • Review columns
    • Review line items
Next Steps

- May Revise
- Third Interim Financial Report
- 2012-13 Adopted Budget