Public Hearing and Adoption of Proposed Fiscal Year 2012-13 Budget for All Funds

Board Item #10.1

Board of Education
June 21, 2012
Summary of 2012-13 Budget Process

- December 8  
  Budget Timeline and Process for 2012-13 – Action

- December 14  
  2011-12 First Interim Financial Report – Qualified Status – Action

- January 12  
  2011-12 and 2012-13 Budget Recommendations and Reductions – Conference

- January/February  
  Parents, Students, Staff Surveyed

  Five Community Forums
<table>
<thead>
<tr>
<th>Date</th>
<th>Event Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>February 2</td>
<td>2011-12 and 2012-13 Budget Recommendations and Reductions – Action</td>
</tr>
<tr>
<td>March 15</td>
<td>2011-12 Second Interim Financial Report – Qualified Status – Action</td>
</tr>
<tr>
<td>April 19</td>
<td>Budget Overview - Information</td>
</tr>
<tr>
<td>May 17</td>
<td>2011-12 Third Interim Financial Report and Preliminary May Revise Update – Action</td>
</tr>
<tr>
<td>June 14</td>
<td>Public Hearing and Action on State Categorical Program Flexibility – Action</td>
</tr>
<tr>
<td>June 21</td>
<td>Approval of 2012-13 Adopted Budget</td>
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</tbody>
</table>
## Board Approved Reductions to Balance 2012-13 Budget

- **PARS Payments Charged to Retiree Benefits Fund**: $3.740 M
- **Reduce Contracts and Central Office Operating Budgets**: $1.000 M
- **Use Reserve for Retiree Benefits Unfunded Liability (One-time)**: $1.000 M
- **Reduce Central Office Staffing or Equivalent**: $0.500 M
- **Five Furlough Days and Freeze Step Increases for Unrepresented Management, Supervisors, Confidential (One-time)**: $0.190 M
- **25% Reduction of Board Stipend for Calendar Year**: $0.008 M
Board Approved Reductions to Balance 2012-13 Budget cont’d

• Tier III Programs
  – Eliminate Adult Education $ 2.90 M
    • Reflects elimination of revenue contribution
    • CAJ Ed Center to be self supporting
  – Eliminate Deferred Maintenance $ .75 M
    Contribution (One-time)
    • Needs will be compounded
  – Eliminate School Library Improvement $ .72 M
    Block Grant
    • Eliminates Librarians from middle schools
    • Eliminates literacy support at K-8 schools
Board Approved Reductions to Balance 2012-13 Budget cont’d

- Eliminate Arts and Music Grant $ .57 M
  - Eliminates Music Teachers
- Reduce ROP by 5% $ .08 M
- Reduce GATE program by 5% $ .02 M
- Increase Class Sizes to Contract Maximum – K-3 $ 4.79 M
- Eliminate 50% Custodial Staff $ 3.40 M
- Eliminate 50% Plant Managers $ 2.09 M
<table>
<thead>
<tr>
<th>Reduction Description</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Eliminate Middle and High School Counselors</td>
<td>$1.680 M</td>
</tr>
<tr>
<td>Reduce Maintenance Staff by 20%</td>
<td>$1.270 M</td>
</tr>
<tr>
<td>Reduce Co-Curricular Support</td>
<td>$0.257 M</td>
</tr>
<tr>
<td>Eliminate 50% Middle/High School Assistant Principals</td>
<td>$1.130 M</td>
</tr>
<tr>
<td>Eliminate Home-to-School Transportation</td>
<td>$0.981 M</td>
</tr>
<tr>
<td>Eliminate Middle/High School Librarians</td>
<td>$0.820 M</td>
</tr>
<tr>
<td>Closure of Freeport Elementary</td>
<td>$0.442 M</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td><strong>$28.338 M</strong></td>
</tr>
</tbody>
</table>
Additional Reductions to Balance 2012-13 Budget

- Approved/Pending agreements with bargaining unit partners should Governor’s tax initiative not pass $15.000 M

Grand Total Reductions Included in 2012-13 Adopted Budget $43.338 M
### General Fund Revenue Summary

- **Beginning Fund Balance**: $10,525,000,000
- **Revenues**: $347,436,000,000
- **Transfers In**
  - Charter School Fees: $711,000,000

**Total Revenues**: $358,672,000,000
General Fund Summary

- Total Revenues: $358.672 M
- Less Expenditures: $349.147 M

Ending Fund Balance: $9.525 M
General Fund Summary cont’d

• Ending Fund Balance
  – Reserves:
    • Revolving Cash and Stores $ 0.545 M
    • Reserve for Economic Uncertainties $ 8.980 M

Total Reserves $ 9.525 M
Revenue Limit in General Fund

- Total Revenue Limit $203.533 M
  - Includes reduction of $441 per Average Daily Attendance should Governor’s tax initiative not pass
  - Reduced by anticipated restoration of flexible transportation funding
  - Average Daily Attendance of 41,380 (11-12 P-2 ADA)
### Federal Revenue in General Fund

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Special Education Entitlement</td>
<td>$8.616 M</td>
</tr>
<tr>
<td>Special Education Discretionary Grants</td>
<td>$1.423 M</td>
</tr>
<tr>
<td>No Child Left Behind</td>
<td>$24.903 M</td>
</tr>
<tr>
<td>- Title I, Title II and Title III</td>
<td></td>
</tr>
<tr>
<td>Vocational Technology</td>
<td>$0.481 M</td>
</tr>
<tr>
<td>Safe and Drug Free Schools</td>
<td>$0.130 M</td>
</tr>
<tr>
<td><strong>Sub-Total Federal Revenue</strong></td>
<td><strong>$35.553 M</strong></td>
</tr>
</tbody>
</table>
Federal Revenue in General Fund cont’d

• Other Federal Revenue
  – Medi-Cal $1.796 M
  – Smaller Learning Communities $1.751 M
  – Project Thrive $0.400 M
  – Department of Rehab TPP $0.192 M
  – ROTC $0.298 M
  – Indian Education $0.021 M
  – Independent Living/ILP $0.137 M
  – Good Behavior $0.052 M

Total Federal Revenue $40.200 M
## State Revenue in General Fund - Restricted

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
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</thead>
<tbody>
<tr>
<td>Special Education</td>
<td>$22.524 M</td>
</tr>
<tr>
<td>Special Education Transportation</td>
<td>$2.868 M</td>
</tr>
<tr>
<td>Economic Impact Aid</td>
<td>$9.499 M</td>
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<tr>
<td>Lottery</td>
<td>$1.119 M</td>
</tr>
<tr>
<td>After School Education/Safety</td>
<td>$6.920 M</td>
</tr>
<tr>
<td>Drug/Alcohol/Tobacco</td>
<td>$.150 M</td>
</tr>
<tr>
<td>Quality Education Investment Act</td>
<td>$5.051 M</td>
</tr>
</tbody>
</table>

**Sub-Total Restricted State Revenue** $48.131 M
State Revenue in General Fund – Restricted cont’d

- Other State Revenue
  - Medi-Cal Activities $1.269 M
  - Special Education Mental Health $1.831 M
  - Special Education Workability $0.362 M
  - Foster Youth $0.276 M

Total Restricted State Revenue $51.869 M
## State Revenue in General Fund - Unrestricted

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>K-3 Class Size Reduction</td>
<td>$7,047 M</td>
</tr>
<tr>
<td>Lottery</td>
<td>$5,658 M</td>
</tr>
<tr>
<td>Other State Revenue:</td>
<td></td>
</tr>
<tr>
<td>- Tier III Revenue/Other</td>
<td>$32,759 M</td>
</tr>
<tr>
<td>- Supplemental Hourly Programs</td>
<td>$3,831 M</td>
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<tr>
<td>- STAR Testing</td>
<td>$0.089 M</td>
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<tr>
<td><strong>Total Unrestricted State Revenue</strong></td>
<td><strong>$49,384 M</strong></td>
</tr>
</tbody>
</table>
State Revenue in General Fund

- Total State Revenue
  - Restricted $51.869 M
  - Unrestricted $49.384 M

Total State Revenue $101.253 M
## Local Revenue in General Fund

- **Interest** $0.176 M
- **Other Local Revenue**
  - Charter School Fees/Leases/Other Misc. Revenue $0.984 M
  - Multiple Pathways $0.540 M
  - California Endowment/Wellness $0.449 M
  - CHIPRA $0.114 M
  - PE Initiative $0.057 M
  - Special Education Local $0.094 M
  - GRIP Grant $0.036 M

**Total Local Revenue** $2.450 M

*Includes interest earned on Tax Revenue Anticipation Note (TRAN)*
Expenditures Included in 2012-13 Budget

- Certificated Salaries $150.517 M
- Classified Salaries $44.745 M
- Employee Benefits $96.655 M

Sub-Total $291.917 M

- 84% of Total Expenditures
  - Unrestricted Funding – 90%
Expenditures Included in 2012-13 Budget cont’d

- Salaries/Benefits $ 291.917 M
- Books and Supplies $ 10.180 M
- Services/Other Operating Expenditures $ 46.071 M
- Capital Outlay $ .240 M
- Other Outgo $ 2.125 M
  - Debt Service Payment
- Indirect Costs ($ 1.386) M

Total Expenditures $ 349.147 M
Deficit Spending (with no 2013-14 and 2014-15 reductions)

Green – Revenues and Interfund Transfers IN
Red – Expenditures and Interfund Transfers OUT
Fund Balance (with no 2013-14 and 2014-15 reductions)
For 2013-14, the district needs to reduce expenditures by $10.5 million.

For 2014-15, $32.64 million.

If the district does not take appropriate action, the district’s fiscal condition would go to negative.
Next Steps

- Continue meeting with bargaining unit partners
- Complete and post budget document
- Continue to monitor State Budget
- Revise budget within 45 days of signed State Budget
- Analyze results of November Election