



# **Approve 2011-12 District Budget Update and Revision - State Budget Approval**

**Board Item # 10.4**

**Board of Education  
August 4, 2011**



- Requirements for Revision
  - Education Code 42127
- Governor signed budget on June 30, 2011
  - 2011-12 one of the earliest
  - 2010-11 was latest in history
- Assumptions cause some concern
  - Optimistic state revenues



# State Budget Assumptions



- State budget deficit estimated at \$27.2 billion
- Balancing included:
  - Program reductions and reforms
  - Expenditure reductions
  - Revenue solutions
  - Improvement in state revenue outlook
    - Four billion dollars in revenue above the May Revise forecast



# State Budget Assumptions (cont.)



- Revenue limit deferrals
  - \$2.1 billion deferred from 2011-12 to 2012-13
    - In addition to \$1.7 billion deferred in 2010-11
  - Requires many districts to borrow funds to ensure adequate cash flow
  - Tax Revenue and Anticipation Note will be needed this spring



# State Budget Assumptions (cont.)



- Fiscal Oversight
  - Counties can't require districts to budget anything other than "flat funding"
  - Counties can't use multi-year projections as a condition of approval of the Adopted Budget



# Detail of Revision



- Revenues
  - No Change
  - Adopted Budget included “flat funding”



## Detail of Revision (Cont.)



• Expenditures	
– Restoration of positions	
• 94 Teachers for reduced class sizes at grades 4-12	\$ 7.05 M
• 14.6 Counselors	\$ 1.24 M
• 3 Assistant Principals	\$ .32 M
– Reinstatement of proposed salary reductions less three furlough days or equivalent	<u>\$ 3.39 M</u>
<b>Total Expenditure Increases</b>	<b>\$12.00 M</b>



## Detail of Revision (Cont.)



• Adopted Budget Reserve	\$13.95 M
– Restoration of programs	(\$12.00) M
– Funding for potential enrollment decline and cash deferrals	<u>(\$ 1.95) M</u>
<b>Available Reserves</b>	<b>\$0</b>





# Potential State Actions



- Mid-Year Reductions
  - Spending reduction “triggers”
    - \$1 billion below forecast
      - No impact to K-12 education
    - \$1 billion to \$2 billion below forecast
      - Reductions to child care and community colleges
    - More than \$2 billion below forecast
      - Up to 4% reduction to revenue limits
      - Elimination of transportation funding
      - Reduction to community colleges
      - Impact would be significant to our district



# Next Steps



- December
  - Director of Finance will assess tax receipts to determine “trigger”
  - First Interim Report
  - 2012-13 Budget Calendar
- January – Governor’s Proposed 2012-13 Budget released
- Continue to monitor legislative action and impact to district