



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 Reduction \$.50 M

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



2011-12 Budget cont'd



- Balancing Mid-Year Reductions
 - Reduction in Central Office operating costs and contract reductions (one-time) \$.672 M
 - Use of remaining reserve for potential reductions/ cash flow \$ 1.828 M

Total 2011-12 Budget Expenditure Reductions \$2.500 M



Governor's Proposed Budget for 2012-13

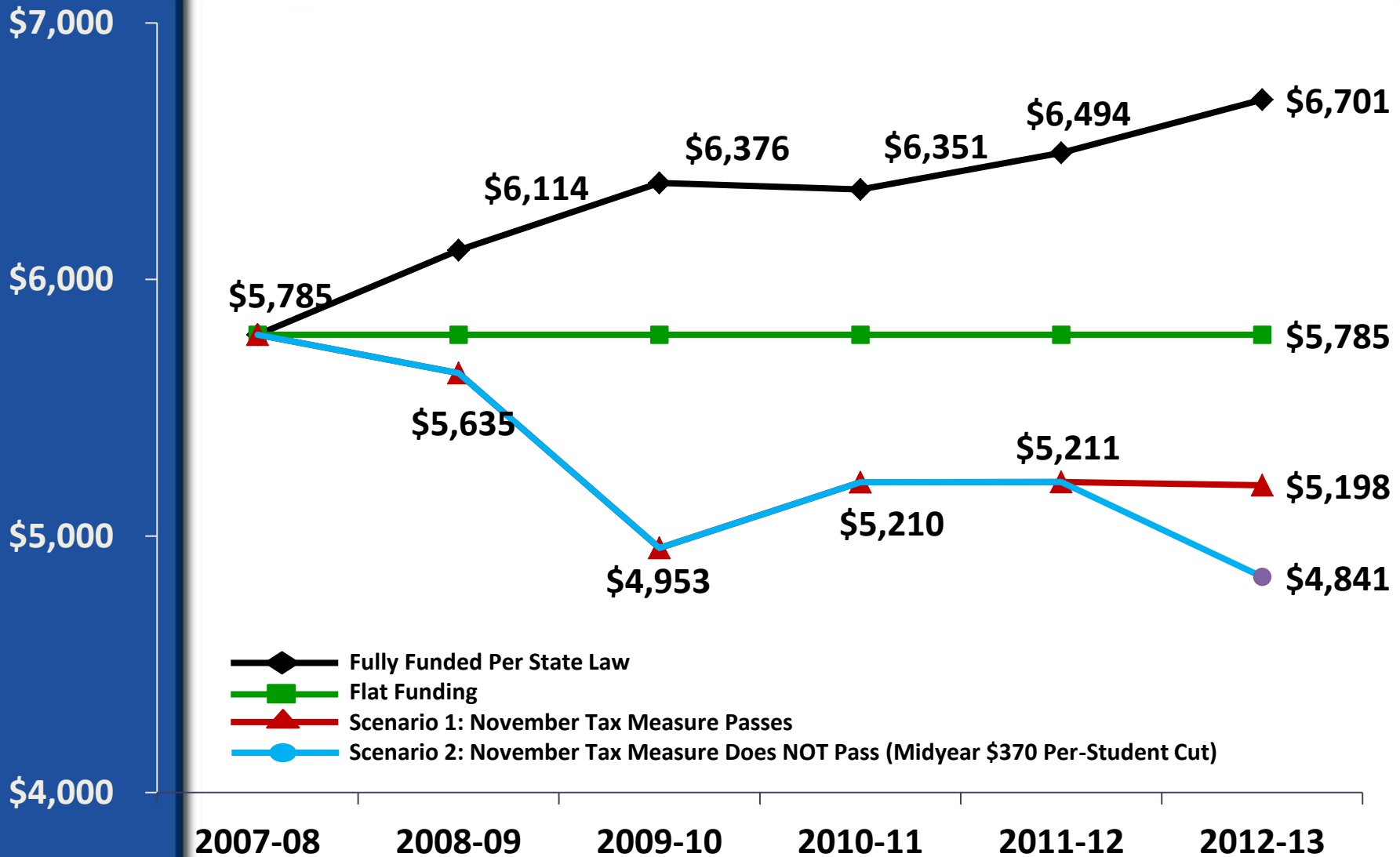
- “Flat Funding” if tax initiative passes
 - Doesn't cover increased expenditures
 - Doesn't cover revenue loss due to enrollment decline
 - Could help cash flow by paying down some deferrals
 - Won't add new revenue for programs
 - \$28 million shortfall is best case



Governor's Proposed Budget for 2012-13 cont'd

- \$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





2012-13 Budget



- Revenue Reduction
 - Reduction in Average Daily Attendance/enrollment decline (500 students) \$ 2.48 M
 - Special Education \$.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



2012-13 Budget cont'd



• Expenditures	
– Step/Column/Attrition	\$ 2.50 M
– Estimated 10% Increase on Health & Welfare benefits	\$ 6.04 M
– Furlough/Salary Reduction Agreements End June 2012	<u>\$ 3.07 M</u>
Total Expenditure Increase	\$11.61 M



2012-13 Budget cont'd



- 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



2012-13 Proposed Recommendations 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 Contribution (One-time) \$.75 M
 - Needs will be compounded
 - Eliminate School Library Improvement Block Grant \$.72 M
 - Eliminates Librarians from middle schools (3.6 FTE's)



2012-13 Proposed Recommendations cont'd

- 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



2012-13 Proposed Recommendations cont'd

- 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



2012-13 Proposed Recommendations cont'd

- 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