



# SACRAMENTO CITY UNIFIED SCHOOL DISTRICT BOARD OF EDUCATION

Agenda Item# 10.1

**Meeting Date:** August 2, 2012

**Subject:** Approve 2012-13 District Budget Update and Revision – State Budget Approval

- Information Item Only
- Approval on Consent Agenda
- Conference (for discussion only)
- Conference/First Reading (Action Anticipated: \_\_\_\_\_)
- Conference/Action
- Action
- Public Hearing

**Division:** Administrative Services

**Recommendation:** Approve the 2012-13 district budget update and revision displaying the changes of the final state budget approval.

**Background/Rationale:** Education Code Section 42127(i)(4) requires districts to revise their budget “not later than 45 days” after the Governor signs the Annual Budget Act. The 2012-13 Budget Act was signed by the Governor on June 27, 2012. This Budget Revision reflects the impact of the Budget Act upon the district’s budget.

**Financial Considerations:** The budget for the general fund and child development fund reflects adjustments based on the Budget Act signed on June 27, 2012.

**Documents Attached:**

1. Executive Summary
2. Budget Revision

**Estimated Time of Presentation:** 10 Minutes

**Submitted by:** Patricia A. Hagemeyer, Chief Business Officer

**Approved by:** Jonathan P. Raymond, Superintendent

# Board of Education Executive Summary

## Administrative Services

Approve 2012-2013 District Budget Update and Revision –  
State Budget Approval  
August 2, 2012



### I. Overview/History:

On June 27, 2012, Governor Jerry Brown signed the main state budget bill following the Legislature's passage of the budget on June 15, 2012. In signing Assembly Bill 1464, the Governor said, "This budget reflects tough choices that will help get California back on track. I commend the Legislature for making difficult decisions, especially enacting welfare reform and across-the-board pay cuts. All this lays the foundation for job growth and continuing economic expansion." The 2012-13 Budget Act assumes passage of Governor Brown's tax initiative which will appear on the November ballot. The education trailer bill, Senate Bill (SB) 1016 includes such things as:

- Authorization for local educational agencies to choose to receive mandate funding from either a \$28 per-average daily attendance (ADA) block grant or to claim reimbursements under the traditional cost-based process
- Buy down of approximately \$2.1 billion in deferrals if the Governor's tax initiative passes
- Authorization to reduce the school year by up to an additional 15 days each year beyond the five days currently authorized, in 2012-13 and 2013-14, if the Governor's tax initiative fails
- Trigger cuts if the Governor's tax initiative fails of \$457 per Average Daily Attendance (ADA), a \$16 per ADA increase over the \$441 per ADA reduction in the May Revise
- Authorization for charter schools to participate in Tax Revenue and Anticipation Notes
- Expansion of the ability of school districts to convey surplus property to charter schools

Not included in SB 1016 was the Governor's proposal for a weighted student formula, the elimination of Transitional Kindergarten, the elimination of Redevelopment Agency (RDA) pass-through funds and flexible funding of home-to-school and special education transportation as proposed in the May Revise.

The district's adopted budget was approved by the Board on June 21, 2012 and included the assumptions that should the tax initiative not pass, revenue limit funding will be reduced by \$441 per ADA and that transportation will be funded and flexible. In addition, budget reductions of \$28.3 million were identified along with an anticipated \$15 million savings in employee concessions to ensure a balanced budget. Changes to the adopted budget are reflected in the budget section of this summary.

Major changes in the final state budget also occurred for the child care and preschool programs. Prior to the final 2012-13 state budget, pre-school programs were not part of the Proposition 98 calculations

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and the May Revise did not include reductions if the November tax initiatives did not pass. Flat funding was projected in the district's adopted budget.

Effective July 1, 2012, the final 2012-13 state budget implements an 8.7% across-the-board reduction affecting several child care and preschool programs. Funding for the state preschool program is shifted to Proposition 98 calculations. In addition, the state expects an increase in family fees for state preschool programs for families that are currently exempt. The district expects that some families will pay, while others may drop from the programs. Changes to the adopted budget are reflected in the budget section of this summary.

### II. Driving Governance:

- Education Code Section 42127(i)(4) states that “Not later than 45 days after the Governor signs the annual Budget Act, the school district shall make available for public review any revisions in revenues and expenditures that it has made to its budget to reflect the funding made available by that Budget Act.”

### III. Budget:

At the time of the Adopted Budget, staff included reductions to the revenue limit of \$441 per ADA based on the Governor's May Revise. The final state budget changed that reduction to \$457 per ADA. This meant a reduction in funding of \$662,000. In addition, \$1.2 million of transportation funding that was projected to be flexible will come to the district as restricted funds. The net result in the revised transportation budget (revenue, encroachment, costs) means that some home-to-school transportation - primarily safety routes - can be restored. Funding available for the partial restoration is approximately \$488,000. It is important to note that the transportation budget (including home-to-school and special education) is not (and never has been) fully funded by the state. While identifying \$488,000 for partial restoration, the remaining \$712,000 of transportation revenue will offset the transportation encroachment due to a program not fully funded by the state. Helping to mitigate these additional reductions is the mandated cost block grant. Districts can now choose to receive \$28 per ADA instead of filing for reimbursement for mandated costs. This additional revenue will total \$1.15 million. To summarize:

\$16 per ADA reduction to revenue	(\$662,000)
Reduction in flexible transportation revenue	(\$1,200,000)
Increase in restricted transportation revenue	\$1,200,000
Restore some home-to-school transportation*	(\$488,000)
Increase in mandated cost revenue	<u>\$1,150,000</u>
<b>Net Budget Impact</b>	<b>\$0</b>

\*A preliminary transportation plan will be provided at the Board meeting.

# **Board of Education Executive Summary**

## **Administrative Services**

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The revenue reduction for child development programs included in the final state budget total \$968,000. At this time, staff propose to reduce the Child Development Fund reserves by this amount. Program staff are reviewing other funding sources and will continue to monitor grants to offset this reduction.

### **IV. Goals, Objectives and Measures:**

Provide information to the Board on a regular basis, including required reporting periods such as First, Second and Third Interim reports. Closely monitor polling results regarding the Governor's tax initiative.

### **V. Major Initiatives:**

- Support implementation of the Strategic Plan 2010-2014
- Fiscal stability for 2012-13 and outlying years
- Utilizing funds prudently and effectively

### **VI. Results:**

Continued review and updates given to the Board, staff and community will provide information needed to make knowledgeable fiscal decisions.

### **VII. Lessons Learned/Next Steps:**

- Continue to monitor the fiscal health of the district and the state
- Work closely with the Sacramento County Office of Education and provide necessary information
- Provide a budget calendar for the 2013-14 fiscal year

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
**BUDGET REVISIONS**  
GENERAL FUND (Changes Due to Final State Budget)

	Adopted Budget 07/01/12	Proposed Budget Revisions	Revised Operating Budget 07/27/12	
<b>REVENUES</b>				
REVENUE LIMIT SOURCES	203,532,750	-1,862,085	201,670,665	\$16 per ADA reduction and flexible transportation revenue
FEDERAL REVENUE	40,200,765	0	40,200,765	
OTHER STATE REVENUES	101,253,009	2,350,181	103,603,190	Restricted transportation and mandated cost revenue, \$28 per ADA
OTHER LOCAL REVENUES	2,449,550	0	2,449,550	
<b>TOTAL REVENUES</b>	<b>347,436,074</b>	<b>488,096</b>	<b>347,924,170</b>	
<b>EXPENDITURES</b>				
CERTIFICATED SALARIES	150,516,765	0	150,516,765	
CLASSIFIED SALARIES	44,745,070	370,195	45,115,265	Restoration of some home to school transportation
EMPLOYEE BENEFITS	96,654,613	117,901	96,772,514	Related benefits for above positions
BOOKS AND SUPPLIES	10,179,930	0	10,179,930	
SERVICES/OTHER OPERATING EXP	46,071,621	0	46,071,621	
CAPITAL OUTLAY	239,872	0	239,872	
OTHER OUTGO	2,125,000	0	2,125,000	
INDIRECT SUPPORT	-1,386,229	0	-1,386,229	
<b>TOTAL EXPENDITURES</b>	<b>349,146,642</b>	<b>488,096</b>	<b>349,634,738</b>	
<b>OTHER FINANCING SOURCES/USES</b>				
INTERFUND TRANSFERS IN	710,568	0	710,568	
INTERFUND TRANSFERS OUT	0	0	0	
OTHER SOURCES	40,187,449	-1,200,000	38,987,449	Unrestricted contribution to Transportation is reduced
OTHER USES	-40,187,449	1,200,000	-38,987,449	Offset for contribution to Transportation
<b>TOTAL OTHER FINANCING SOURCES/USES</b>	<b>710,568</b>	<b>0</b>	<b>710,568</b>	
<b>NET INCREASE (DECREASE) IN FUND BALANCE</b>	<b>-1,000,000</b>	<b>0</b>	<b>-1,000,000</b>	
Beginning Fund Balance, July 1	10,524,822		10,524,822	
Audit Adjustments	0	0	0	
<b>Ending Fund Balance, June 30</b>	<b>9,524,822</b>	<b>0</b>	<b>9,524,822</b>	
Nonspendable - Revolving and Stores	545,000	0	545,000	
Unassigned- Reserve for Economic Uncert.	8,979,822		8,979,822	
Restricted	0	0	0	
Assigned				
Unappropriated Fund Balance	0	0	0	

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
**BUDGET REVISIONS**  
CHILD DEVELOPMENT (Changes Due to Final State Budget)

	Adopted Budget 07/01/12	Proposed Budget Revisions	Revised Operating Budget 07/27/12	
<b>REVENUES</b>				
FEDERAL REVENUE	10,325,294	0	10,325,294	
OTHER STATE REVENUES	6,139,121	-967,810	5,171,311	State program contracts reduced
OTHER LOCAL REVENUES	2,379,892	0	2,379,892	
<b>TOTAL REVENUES</b>	<b>18,844,307</b>	<b>-967,810</b>	<b>17,876,497</b>	
<b>EXPENDITURES</b>				
CERTIFICATED SALARIES	6,140,546	0	6,140,546	
CLASSIFIED SALARIES	4,227,902	0	4,227,902	
EMPLOYEE BENEFITS	6,538,449	0	6,538,449	
BOOKS AND SUPPLIES	1,045,814	0	1,045,814	
SERVICES/OTHER OPERATING EXP	432,761	0	432,761	
CAPITAL OUTLAY	7,500	0	7,500	
OTHER OUTGO	0	0	0	
INDIRECT SUPPORT	483,794	0	483,794	
<b>TOTAL EXPENDITURES</b>	<b>18,876,766</b>	<b>0</b>	<b>18,876,766</b>	
<b>OTHER FINANCING SOURCES/USES</b>				
INTERFUND TRANSFERS IN	0	0	0	
INTERFUND TRANSFERS OUT	0	0	0	
OTHER SOURCES	0	0	0	
OTHER USES	0	0	0	
<b>TOTAL OTHER FINANCING SOURCES/USES</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>NET INCREASE (DECREASE) IN FUND BALANCE</b>	<b>-32,459</b>	<b>-967,810</b>	<b>-1,000,269</b>	
<b>Beginning Fund Balance, July 1</b>	<b>2,050,341</b>		<b>2,050,341</b>	
Audit Adjustments	0	0	0	
<b>Ending Fund Balance, June 30</b>	<b>2,017,882</b>	<b>-967,810</b>	<b>1,050,072</b>	
Nonspendable - Revolving and Stores	0	0	0	
Unassigned- Reserve for Economic Uncert.	0		0	
Restricted	363,636	0	363,636	
Assigned				
Reserve	1,654,246	-967,810	686,436	
Unappropriated Fund Balance	0	0	0	