

# Grossmont Union High School District

## FY 2010/11 Second Interim Financial Report & Overall Budget Planning

March 10, 2011

# Big Picture

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- **State Budget Overview**
  - Legislature Working on Governor Brown's Plan—  
Not Done Yet
  - Huge Variable Still Taxes or No Taxes
- **Range of Potential Outcomes Makes District Budget Planning Extremely Difficult**
- **Reserves Picture Slightly Improved Due to One-Time Funds**
- **Must Continue to Work on Resolving Significant Budget Structural Imbalance**

# Second Interim Financial Report Key Assumptions

### 2010/11

- COLA of 0%
- Includes: \$4.2M Federal Education Jobs Bill Revenue—One Time  
\$2.5M SDA Revenue—One Time  
\$1.5M Mandate Cost Revenue—One Time  
\$1.0M SFSF Final Payment—One Time
- Reflects \$3.0M in Savings from Five Furlough Days

### 2011/12

- Loss of < \$352 > per ADA (With Taxes Not Approved)
- Does Not Include One-time Revenues Already Recorded in 2010/11
- Does Not Include Savings for Five Furlough Days
- Continues \$4.1M in Flexibility Transfers
- Assumes 12.7% Increase in H&W Costs for CY 2012
- Includes 2% Increase in Special Ed. Costs

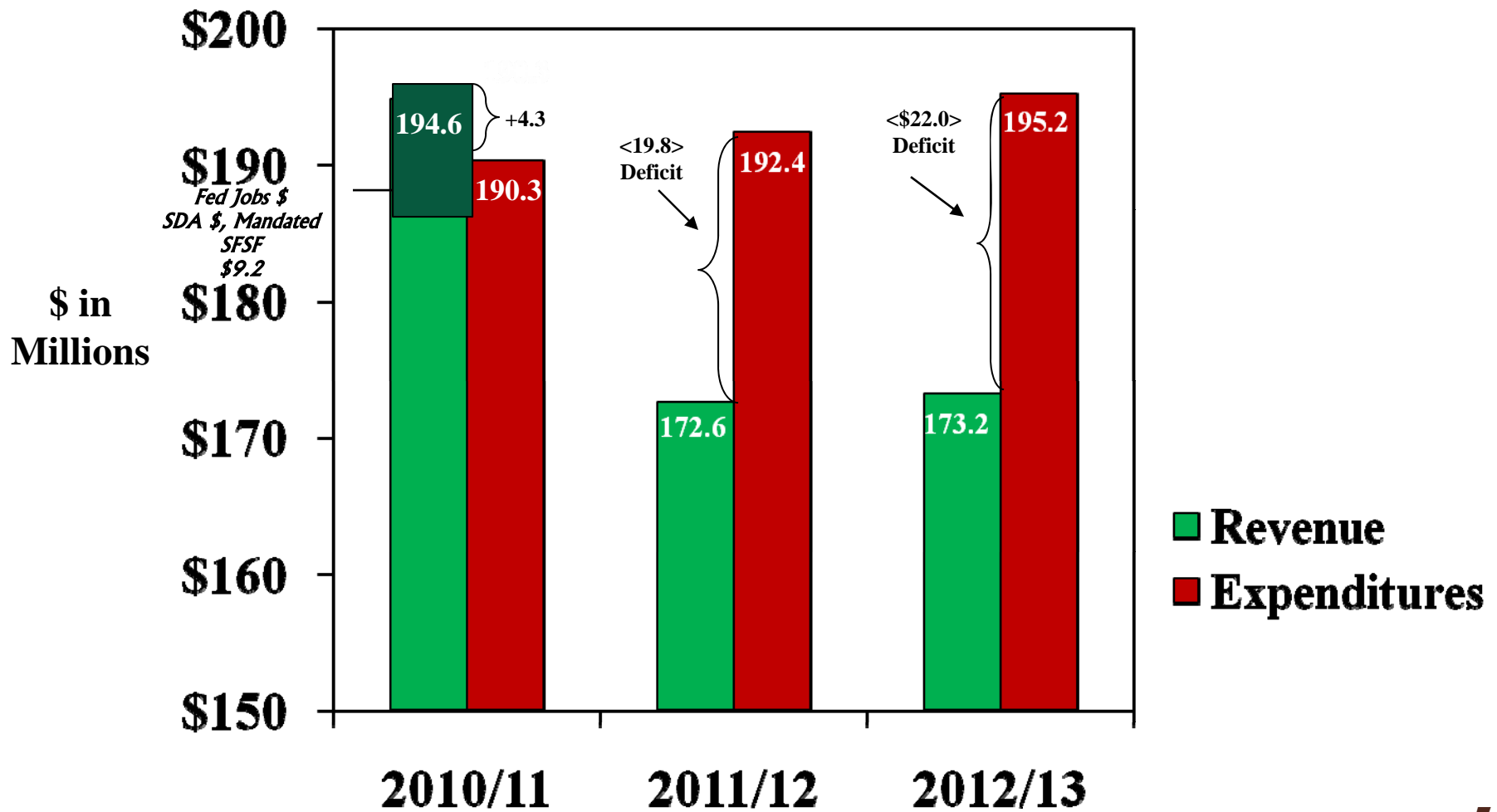
## General Fund Summary Projections (\$M)

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	<u>2010/11</u>	<u>2011/12</u>	<u>2012/13</u>
Revenue	\$194.6	\$172.6	\$173.2
- Expenditures	<u>190.3</u>	<u>192.4</u>	<u>195.2</u>
= Surplus/ < Deficit >	<u>\$ 4.3</u>	<u>&lt; \$ 19.8 &gt;</u>	<u>&lt; \$ 22.0 &gt;</u>

Note: Revenues & Expenditures Adjusted to Remove Pass-Through of Adult Ed and Deferred Maintenance Pass-Throughs, Carryovers, and Reserves

## FY 2010/11 Second Interim Report General Fund Summary



## FY 2010/11 Second Interim Financial Report & Overall Budget Planning

### Revenue by Year (\$M)

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	<u>10/11</u>	<u>11/12</u>	<u>12/13</u>
As Reported on SACS	\$202.0	\$180.0	\$180.5
Adjustments			
■ Subtract Adult Ed & Def Maintenance Pass Through	< <u>7.4</u> >	< <u>7.4</u> >	< <u>7.3</u> >
Adjusted Revenue	<u>\$194.6</u>	<u>\$172.6</u>	<u>\$173.2</u>

**FY 2010/11 Second Interim Financial Report & Overall Budget Planning**

**Expenditures by Year  
(\$M)**

	<u>10/11</u>	<u>11/12</u>	<u>12/13</u>
As Reported on SACS	\$192.3	\$183.4	\$178.5
Adjustments			
<ul style="list-style-type: none"> <li>■ Subtract Unrestricted Carryovers &lt; 2.0 &gt;</li> <li>■ Add Back Assumed Budget Reductions</li> </ul>	<hr style="width: 100%;"/>	<hr style="width: 100%;"/> 9.0	<hr style="width: 100%;"/> 16.7
Adjusted Expenditures	<u><u>\$190.3</u></u>	<u><u>\$192.4</u></u>	<u><u>\$195.2</u></u>

## FY 2010/11 Second Interim Financial Report & Overall Budget Planning

### Second Interim Changes From First Interim (\$M)

	<u>10/11</u>	<u>11/12</u>	<u>12/13</u>
First Interim			
Surplus/(Deficit) Projection	\$3.7	< \$14.0 >	< \$17.7 >
<u>Effect of Governor's Proposals</u>			
AB 3632 Mental Health Services	< 1.0 >	1.0	1.0
"Flat" Funding = Loss of \$21.84/ADA	<u>          </u>	< .4 >	< .4 >
Result if Taxes Approved	<u>\$2.7</u>	<u>&lt; \$13.4 &gt;</u>	<u>&lt; \$17.1 &gt;</u>
Loss of Taxes (\$330/ADA X 18,384)	<u>  --  </u>	< <u>6.1</u> >	< <u>6.1</u> >
Result if Taxes Rejected = PLANNING TARGET <i>(Feb. 3 Workshop)</i>	<u>\$2.7</u>	<u>&lt; \$19.5 &gt;</u>	<u>&lt; \$23.2 &gt;</u>

## FY 2010/11 Second Interim Financial Report & Overall Budget Planning

### Updates Since 02/03/11 Board Budget Workshop

	<u>10/11</u>	<u>11/12</u>	<u>12/13</u>
02/03/11 Workshop Forecast Surplus/(Deficit)	\$2.7	< \$19.5 >	< \$23.2 >
<b>Updates</b>			
■ Final SFSF Payment	1.0		
■ Mandate Payments	.9		
■ Revenue Limit Adjustment			.3
■ ADA Forecast Update			.7
■ Other Adjustments	< .3 >	< .3 >	.2
	<u>\$4.3</u>	<u>&lt; \$19.8 &gt;</u>	<u>&lt; \$22.0 &gt;</u>

## **District Budget Planning Strategy**

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### **Develop Contingent Plan Based on Taxes Rejected**

- **Use Reserves to Soften Effect of Budget Shortfalls over Two Years**
- **Increase Flexibility Fund Transfers Where Possible**
- **Budget Reductions Make Up Difference**
- **Develop Budget Restoration Plan if Taxes are Approved**

# District Reserve Plan Update

## FY 2010/11 First Interim Financial Report

### District Reserve Plan Update (\$M)

	<u>Actual at 06/30/10</u>	+	<u>Projected 10/11 Surplus</u>	-	<u>4.5% Target</u>	=	<u>Available for Spend Down</u>
General Fund Unrestricted	\$15.2*		\$4.3		\$8.5		\$11.0
Fund 17 Reserve	<u>5.1</u>		--		--		<u>5.1</u>
<b>TOTAL</b>	<u><u>\$20.3</u></u>		<u><u>\$4.3</u></u>		<u><u>\$8.5</u></u>		<u><u>\$16.1</u></u>
	<u>11.4%</u>				<u>4.5%</u>		

\*Excluding Carryovers (Open Purchase Orders, Site Owned \$)

## District Budget Planning Update "The Numbers" (\$M)

Projected < Deficit > With <u>Taxes Rejected</u> = Planning Target	<u>11/12</u> < \$19.8 >	<u>12/13</u> < \$22.0 >
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### Solutions

Use of Reserves: <span style="border: 1px solid black; padding: 2px;">16.1</span>	10.8 (two-thirds)	\$5.3 (one-third)
Flex Fund Transfers (ROP/Adult Ed)	.4	.4
Budget Reductions Necessary		
2011/12	8.6	8.6
2012/13	--	7.7
<u>TOTAL</u>	<u>\$19.8</u>	<u>\$22.0</u>

## Potential Budget Reduction Actions

	<u>FTE</u>	<u>2011/12</u>	<u>2012/13</u>
■ Eliminate Over Formula Positions	12	\$1.0	\$1.0
■ Central Office Reductions	13	1.2	1.2
■ Alternative Ed/Special Ed. Reductions	11	1.1	1.1
■ Comprehensive School Site Reductions	50	4.0	4.0
■ Furlough Days* (Five Day = \$2.7M All Groups)		TBD	TBD
■ Salary/Benefits Reductions* (1% = 1.1M)		TBD	TBD

\*Subject to Negotiation

## Summary Recommendations

- Recommend Positive Certification Based on Use of Reserves and Budget Reduction Plans
- Implement Potential Budget Reduction Action (not subject to negotiation) as Necessary
- Continue Dialogue with Employee Associations on Potential Actions Subject to Negotiation
- Develop Budget Restoration Plan if Taxes are Approved