
Grossmont Union High School District

January 28, 2010

Governing Board Budget Workshop

Agenda

- I. Review of First Interim Conclusions & Process
- II. Governor's Proposals
- III. Governor's Proposals Effect on District Budget
- IV. Guiding Principles Review
- V. ADA and Revenue Projections
- VI. Potential Actions to Resolve Deficits
- VII. Second Interim Financial Report
- VIII. Budget Calendar
- IX. Ending Balance Forecasts

FY 2009/10 First Interim Report Conclusions (*As of 12/10/09*)

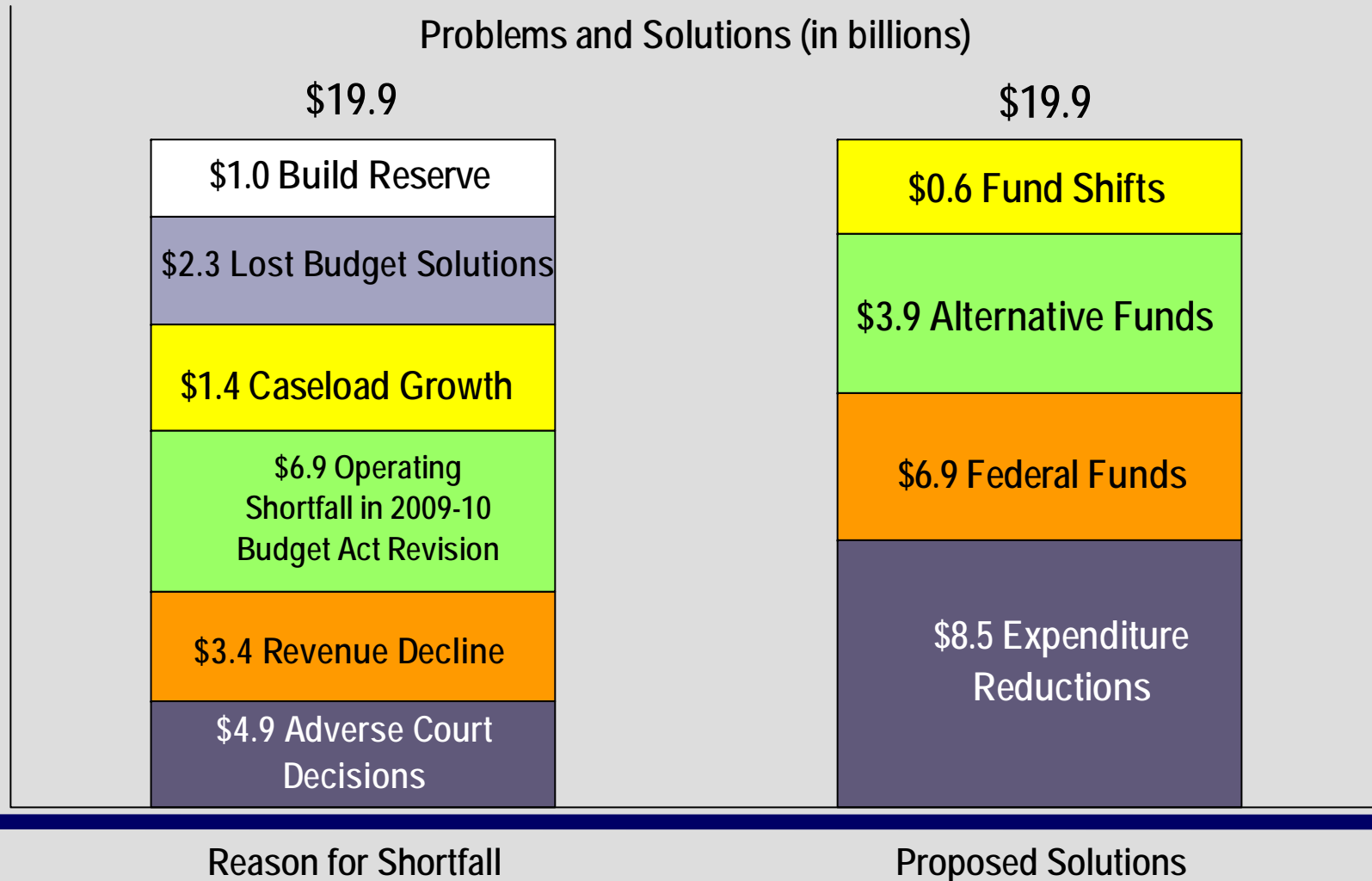
- Recommend Positive Certification That District Will Meet its Financial Obligations
- State Budget Impact Unknown at this Time (To Both Current Year 09/10 and Budget Year 10/11)
- Will Require Proactive Decision Making to Resolve Deficits

The Process

- ✓ 1. First Interim Forecast to Governing Board on December 10
- ✓ 2. Get the Governor's Budget Analysis January 13
- ✓ 3. Update Forecast
- ★ 4. Reaffirm District Priorities
- ★ 5. Develop a Solution: (Based on Governor's Proposals)
 - Continue and Tighten Spending Restrictions
 - Continue Flexibility Provisions
 - Use of Reserves and Other Balances
 - Budget Cuts

Governor's Proposals

The State Level Picture



Governor's Proposed Budget January 2010

FY 2009/10

- No Mid Year Cuts Proposed!
- No New Deferrals Proposed!

FY 2010/11

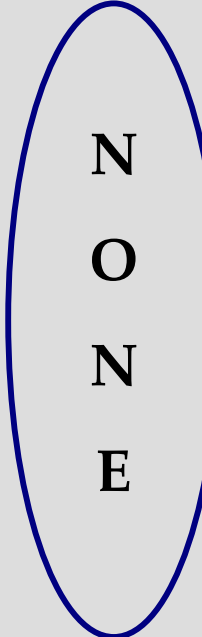
- “Fund” a Negative COLA at <.38%>
- Further Reduce Revenue Limit by 3.1%
 - Without Increasing Deficit!
 - Targeted at School District Central Administration and Contracting Out
- Special Education Funding to Close the Behavior Intervention Plan “Hughes Settlement”

Governor's Proposed Budget Other Proposals

- Elimination of the March 15 Date for Issuing Certificated Layoff Notices
 - Instead, Districts Would Have 60 Days After State Budget Adopted/Amended to Issue Notices
- Elimination of Laid Off Teachers Guaranteed Right to Substitute at Pro-Rata Pay
- Provide School Districts Flexibility to Lay Off, Assign, Reassign, Transfer and Rehire Teachers Based on Skill and Subject Matter Needs Rather Than Seniority

Governor's Proposals Effect on District Budget

Baseline: First Interim Report

	<u>2009/10</u>	<u>2010/11</u>	<u>2011/12</u>
Total Deficit Reported on SACS	<\$14.4>	<\$11.9>	<\$14.8>
Less:			
<u>Intentional Spend Down of One-Time \$</u>			
Categorical Sweeps	2.5		 N O N E
2008/09 Revenue Limit One-Time Dollars (ROP & SPED)	2.8		
SFSF	5.7	4.1	
Unrestricted Freed Up by IDEA Money	1.0		
Insurance Refund	0.2		
Food Services Payback	0.4		
Categorical Balances	<u>1.4</u>	<u>1.3</u>	
First Interim Shortfalls to Resolve	<u><\$ 0.4></u>	<u>< \$ 6.5></u>	

Governor's Proposals

Effect on District General Fund (\$M)

	<u>2009/10</u>	<u>2010/11</u>	<u>2011/12</u>
■ Mid-Year Cuts	None!		
■ Fund Negative COLA of <.38%> for 2010/11			
--Revenue Limit (\$28 X 19,179 ADA)		<\$.5>	<\$.5>
■ COLA Reduction From 2.3% to 1.8%			< .6>
■ Other Revenue Limit Reductions			
--School District Administration (\$185 X 19,179 ADA)		<3.5>	<3.5>
--Contracting Out Efficiencies (\$46 X 19,179 ADA)		< .9>	< .9>
■ Special Education BIP Settlement Funds		.2	.2
	<u>\$ 0.0</u>	<u><\$4.7></u>	<u><\$5.3></u>

First Interim Adjusted for Governor's Proposals

	<u>2009/10</u>	<u>2010/11</u>	<u>2011/12</u>
First Interim Deficit	<\$14.4>	<\$11.9>	<14.8>
+ Governor's Proposals	--	< 4.7>	< 5.3>
= Adjusted Deficit	<u><\$14.4></u>	<u><\$16.6></u>	<u><\$20.1></u>
Less One-Time \$ Spend Down	<u>14.0</u>	<u>5.4</u>	<u>--</u>
= SHORTFALLS AFTER ONE-TIME \$	<u><\$.4></u>	<u><\$11.2></u>	<u><\$20.1></u>

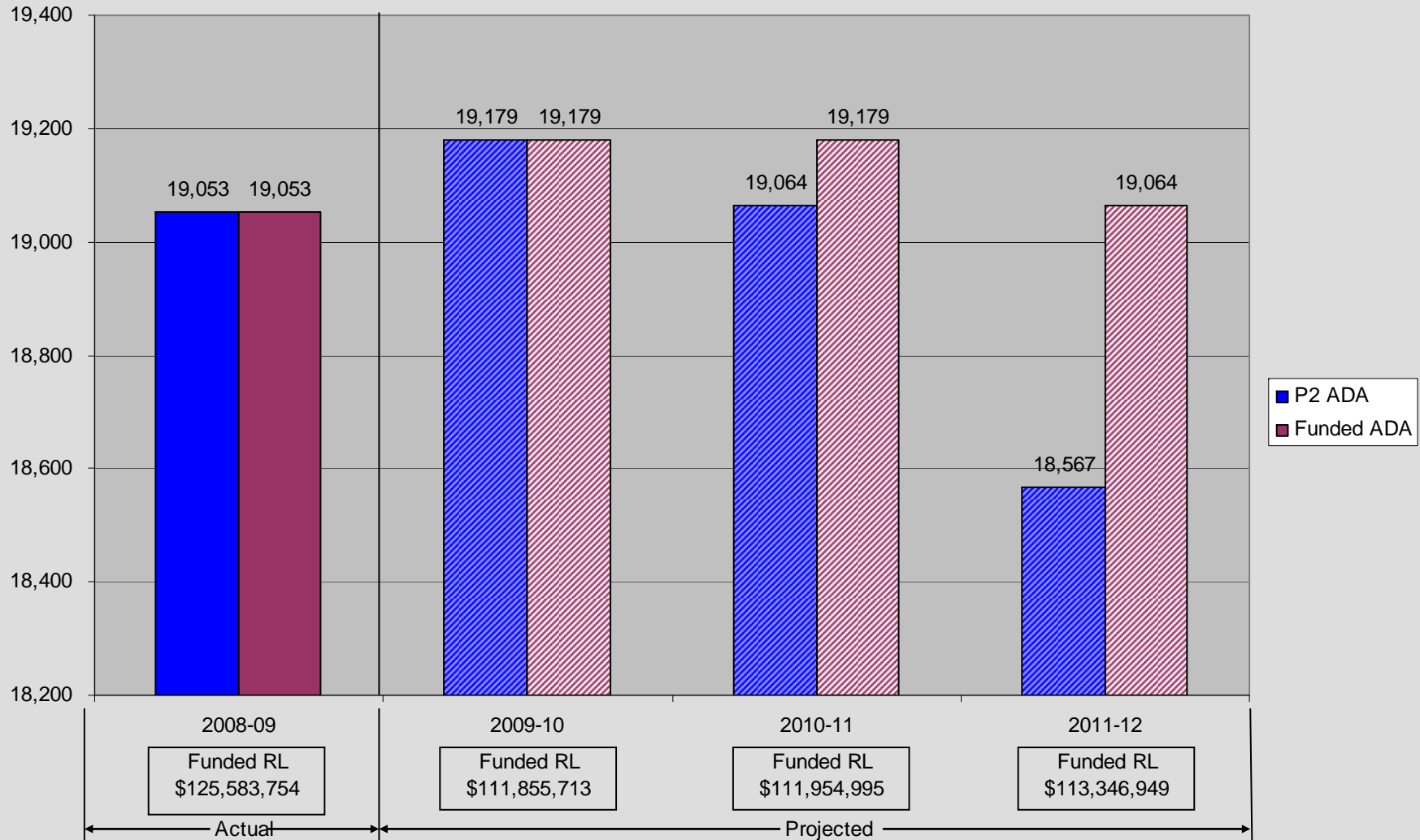
Guiding Principles Review

Guiding Principles

- Focus Resources on Student Achievement
- Move Forward with Instructional Programs
- Maintain Reserve for Economic Uncertainties at 3% or Greater
- Maintain Restricted Maintenance Account at 3% or Greater--
SUSPENDED
- Avoid Deficit Spending in Two Consecutive Years--**SUSPENDED**
- Fiscal Restraint on Current Spending and Aggressive Pursuit of Revenue Enhancements
- All Necessary Budget Reductions That Affect People will be Handled with the Utmost Sensitivity to Employees

ADA and Revenue Projections

ADA Projections



Revenue & Expenditure Projections After Governor's Proposal

	<u>2009-2010</u>	<u>2010-2011</u>	<u>2011-2012</u>
REVENUES			
Revenue Limit	\$ 111,855,713	\$ 111,954,995	\$ 113,346,949
Federal	16,639,371	16,593,541	14,639,371
State	21,172,402	21,326,381	21,326,381
Local	23,356,159	24,190,159	24,692,159
Transfers In	3,283,430	3,283,430	2,270,430
TOTAL REVENUES	\$ 176,307,075	\$ 177,348,506	\$ 176,275,289
EXPENDITURES			
Certificated Salaries	\$ 82,835,976	\$ 83,050,194	\$ 82,857,218
Classified Salaries	35,447,348	36,153,634	36,874,046
Benefits	35,575,362	37,205,332	39,587,481
Books & Supplies	16,386,808	16,728,550	15,676,235
Other Oper & Capital Outlay	20,453,741	20,840,679	21,307,344
TOTAL EXPENDITURES	\$ 190,699,235	\$ 193,978,389	\$ 196,302,324
PROJECTED DEFICIT	\$ (14,392,160)	\$ (16,629,883)	\$ (20,027,035)

Potential Actions to Resolve Shortfalls

Level I Actions to Resolve Shortfalls (\$M)

Level I Actions	<u>2009/10</u>	<u>2010/11</u>	<u>2011/12</u>
<ul style="list-style-type: none"> ▪ SELPA Funding Increase Approved 01/19/10 	\$.4	\$.3	\$.3
<ul style="list-style-type: none"> ▪ Reduce Tutorial Programs 	.3	.3	.3
<ul style="list-style-type: none"> ▪ Eliminate 9th Grade CSR Through Attrition 		1.1	1.1
<ul style="list-style-type: none"> ▪ Reduce Summer School to One Three-Week Session 		1.0	1.0
<ul style="list-style-type: none"> ▪ Increase Categorical Sweeps --Instructional Materials Reduces IMFRP \$ from \$500K to \$300K 		.2	.2
<ul style="list-style-type: none"> ▪ Reduce District Office Operating Budgets by 25% 		.4	.4

Level I Actions to Resolve Shortfalls

	<u>2009/10</u>	<u>2010/11</u>	<u>2011/12</u>
Level I Actions			
▪ Reduce School Site “Dollar” Allocations by 25%		\$.2	\$.2
▪ Reduce Substitute Budgets		.1	.1
▪ Targeted Program Reductions		.3	.3
▪ Eliminate Non Classroom Vacancies		.8	.8
▪ Special Education Program Reductions to Offset Growth		.8	.8
TOTAL LEVEL I ACTIONS	<u>\$.7</u>	<u>\$ 5.5</u>	<u>\$ 5.5</u>

Level II: Potential Actions to Resolve Shortfalls (\$M)

	<u>2009/10</u>	<u>2010/11</u>	<u>2011/12</u>
Level II Potential Actions			
<ul style="list-style-type: none"> ▪ Increase Categorical Sweeps --Deferred Maintenance Reduces DM \$ From \$800K - \$400K 		\$.4	\$.4
<ul style="list-style-type: none"> ▪ Equalize Furlough Days in 09/10* 	\$.8		
<ul style="list-style-type: none"> ▪ Five-Day School Year Reduction— All Employees* 		2.6	2.6
<ul style="list-style-type: none"> ▪ Eliminate Department Chair Release Periods* 		.5	.5

Level II: Potential Actions to Resolve Shortfalls *(Continued)*

	<u>2009/10</u>	<u>2010/11</u>	<u>2011/12</u>
Level II Potential Actions			
<ul style="list-style-type: none"> ▪ Health & Welfare Benefits Changes* to Offset Increase <ul style="list-style-type: none"> --Increase Co-Pays --Cap PacifiCare “Full” --Employee Contribution to Dental ▪ Salary Rollbacks* (Each 1% = \$1.2M) 		\$ 1.2	\$ 2.0
		TBD	

Other Recommended Actions

- Institute Hard Freeze on All Hiring Except Classroom Teachers (Non CSR)
- Suspend Hiring of Classified Substitutes
- “Sweep” All Available Ending Balances

2009/10 Second Interim Financial Report

FY 2009/10 Second Interim Financial Report

- Due March 15, 2010
- Question all Districts Are Facing
Certify:
Positive *or* Qualified?
- Grossmont Can Certify Positive if:
 - Financial Plan is in place
 - and*
 - Actions are being taken

Budget Development Calendar

FY 2010/11 Budget Calendar

- ✓ December 10, 2009 First Interim and Preliminary Forecast for 2010/11 and Presentation of 2009/2010 Audit

- ✓ January 13, 2010 Governors Budget Workshop

- ✓ January 14 Board Meeting—Presentation of November Financial Statements

- ★ January 28 Board Budget Workshop

- January 15 – May 18 Budget Meetings with Cabinet, Stakeholder Groups, Labor Associations

- February 8 Enrollment Projections for 2010/11

FY 2010-11 Budget Calendar

Continued

February 11	Board Meeting—Presentation of December Financial Statements
February 18	Distribute Budget Development Information for all Responsibility Code Holders
Feb 22 - March 5	Board Budget Workshop (Date TBD)
March 11	Board Meeting—Presentation of January Financial Statements and Approval of Second Interim Financial Report for 2009/10
March 15	Last Date by Which Certificated Employees Must be Notified of Possible Layoff (Ed Code §44949)
March 17	Budgets are Due from Sites and Departments to Fiscal Services

FY 2010/11 Budget Calendar

Continued

April, May	Interim Audit Visits from Independent Auditors for 2009/10
Mar. 24 – Apr. 9	Board Budget Workshop (Date TBD)
April 14	Monthly Salary and Benefit Projections Complete
April 15	Board Meeting—Presentation of February Financial Statements
Apr. 26 – May 7	Board Budget Workshop (Date TBD)

FY 2010/11 Budget Calendar

Continued

- May 4 Fiscal Services Complete Revenue and Expense Projections
- May 13 Board Meeting—Presentation of March Financial Statements
- May 14 May Revise of Governor's Budget Proposal
- May 21 May Revise Conference
- May 21 Update Enrollment Projections for 2010/11

FY 2010/11 Budget Calendar

Continued

- May 28 Complete Update of 2010/11 Budget Based on May Review
- June 2 Final Budget to Print
- June 4, 5 Final Budget Available for Public Inspection
- June 3, 4 Final Budget Submitted for Inclusion in the June Governing Board Meeting
- June 10** Adopted Budget Presented to Governing Board for Approval and Presentation of April Statements
- June 30 Legislature Approves and Adopts the State Budget for 2010/11

FY 2010/11 Budget Calendar

Continued

July 8	Board Meeting—Presentation of May Financial Statements
July – August	Close District Financial Books for 2009/10
September 2	Board Meeting—Presentation of June Financial Statements and Approval of 2009/10 Unaudited Actuals in Sacs Format
September 30	School Staffing and Supply Allocations Finalized Based on the End of the Third Week of School
September/ October	Independent Auditors Complete Audit Process for 2009/10

FY 2010/11 Budget Calendar

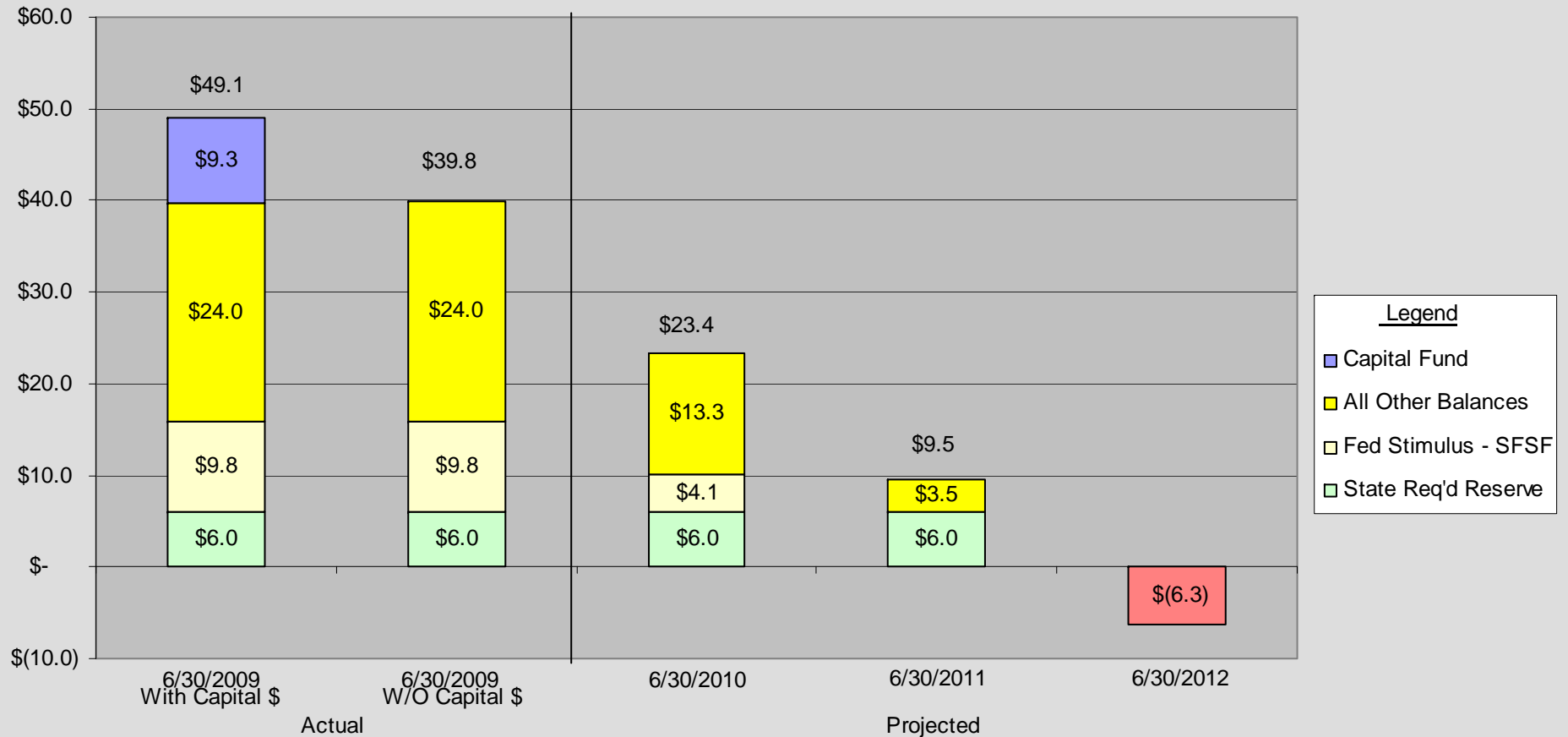
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- October 14 Board Meeting—Presentation of August Financial Statements
- November 18 Board Meeting—Presentation of September Financials and Approval of Revised Budget for 2010/11
- December 3 Staffing Allocations for Second Semester Adjusted Based on Enrollment at November 2, 2010
- December 9 Board Meeting—Presentation of October Financial Statements and Approval of First Interim Financial Report for 2010/11

Ending Balance Forecasts

District Ending Balances & Deficits

2009-10 First Interim **Before Governor's Proposal**



District Ending Balances & Deficits 2009-10 First Interim **After Governor's Proposal**

