

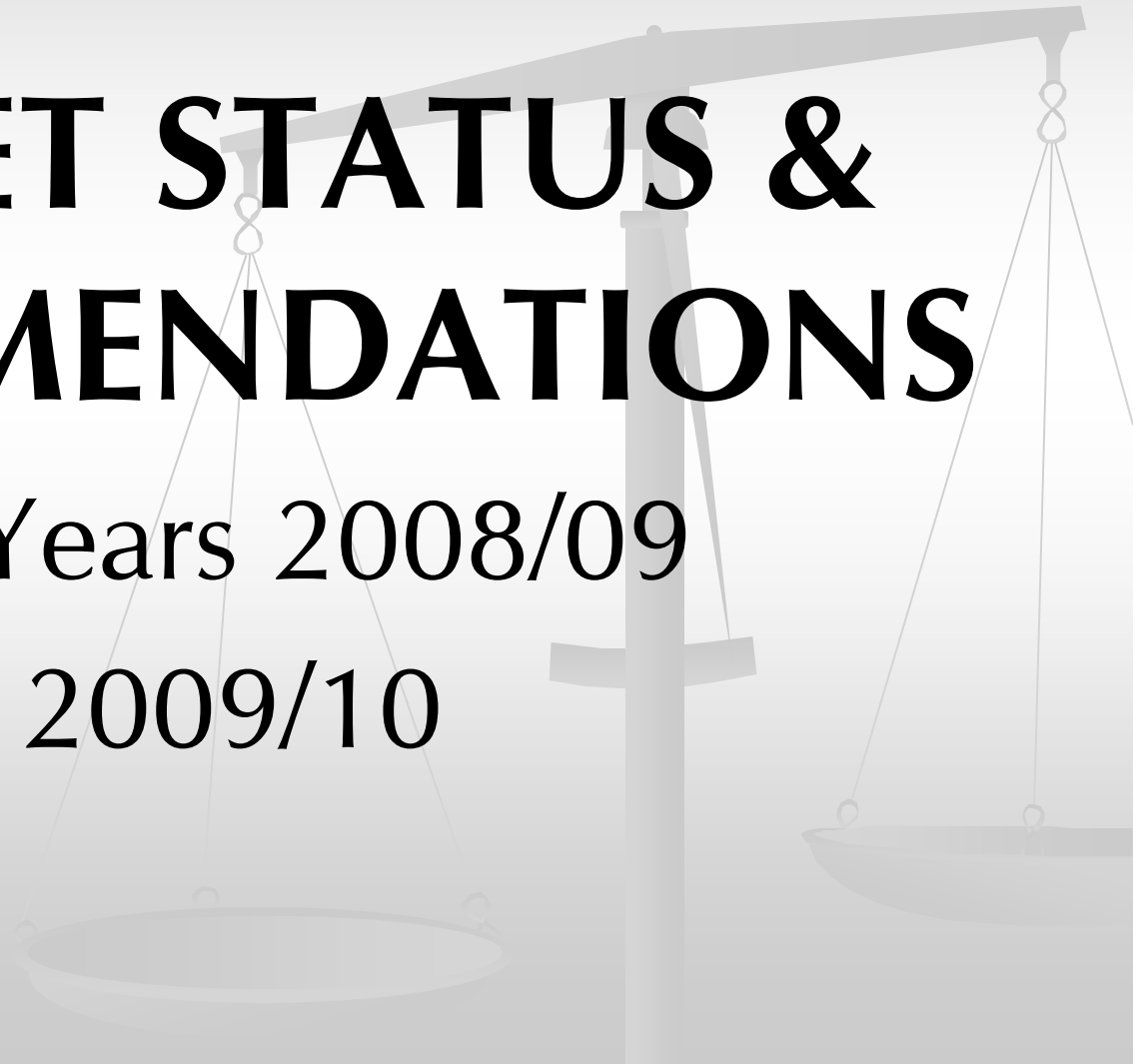
Grossmont Union High School District

March 5, 2009

BUDGET STATUS & RECOMMENDATIONS

Fiscal Years 2008/09

& 2009/10



Agenda

- I. State Budget Summary Affecting K-12 Funding
- II. FY 2008/09 and FY 2009/10 Projections
- III. Recommendations to Resolve Deficits
- IV. Restricted/Other Reductions
- V. Federal Stimulus?
- VI. Second Interim Financial Report Plan

State Budget Summary Affecting K-12 Funding



State Budget Summary Affecting K-12 Funding

- Governor Signed State Budget Plan Through June 30, 2010 on February 20, 2009
- Addresses \$41B Budget Gap

■ Expenditure Cuts	\$15.1B	37%
■ Revenue Increases	14.4B	35%
■ Borrowing	11.5B	28%
	<u>\$41.0B</u>	<u>100%</u>

State Budget Summary Affecting K-12 Funding *(Continued)*

- Similar Amount of Reductions to K-12 Funding as Governor's Proposal, but Different Provisions

- Funding Cuts

Governor's Plan

Unrestricted

Approved Plan

Unrestricted &
Targeted Restricted

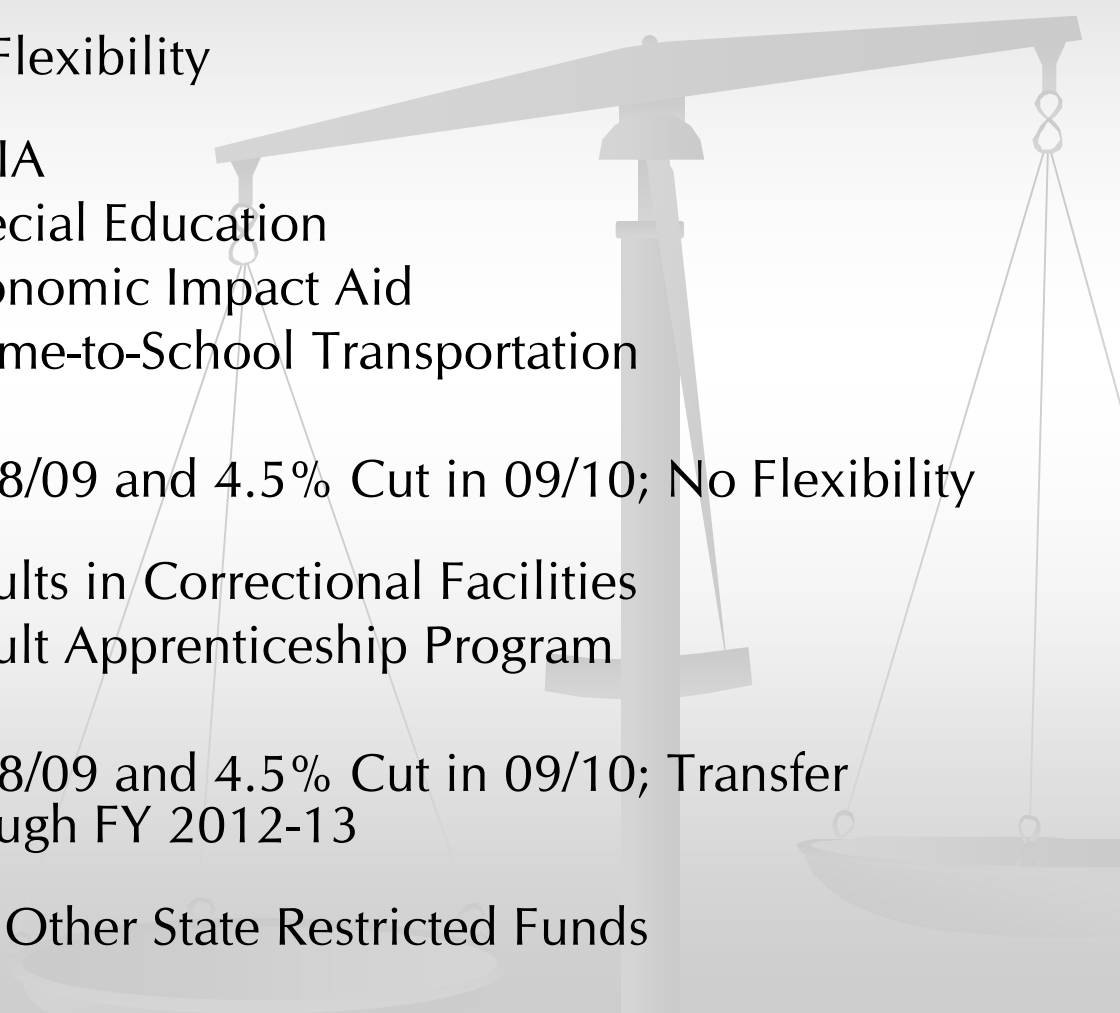
- Categorical Flexibility

Very Broad

More Limited
According to
"TIER"

State Budget Summary Affecting K-12 Funding (Continued)

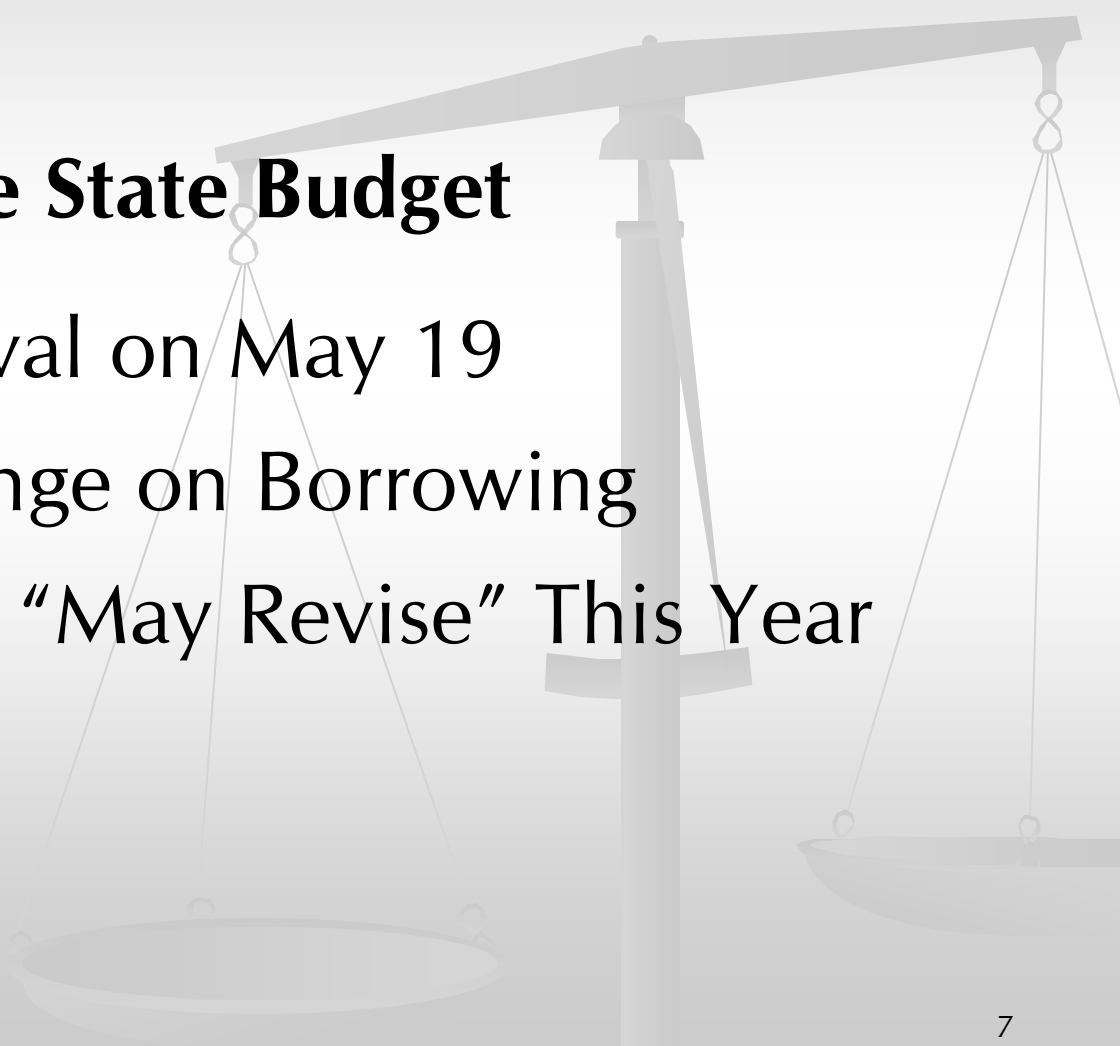
Restricted Funding “Tiers”

- 
- **Tier I** No Cuts & No Flexibility
Includes: QEIA
 Special Education
 Economic Impact Aid
 Home-to-School Transportation

 - **Tier II** 15.4% Cut in 08/09 and 4.5% Cut in 09/10; No Flexibility
Includes: Adults in Correctional Facilities
 Adult Apprenticeship Program

 - **Tier III** 15.4% Cut in 08/09 and 4.5% Cut in 09/10; Transfer
Flexibility Through FY 2012-13
Includes: All Other State Restricted Funds

State Budget Summary Affecting K-12 Funding *(Continued)*

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- **Risk Areas of the State Budget**
 - Voter Approval on May 19
 - Legal Challenge on Borrowing
 - Still Expect a “May Revise” This Year

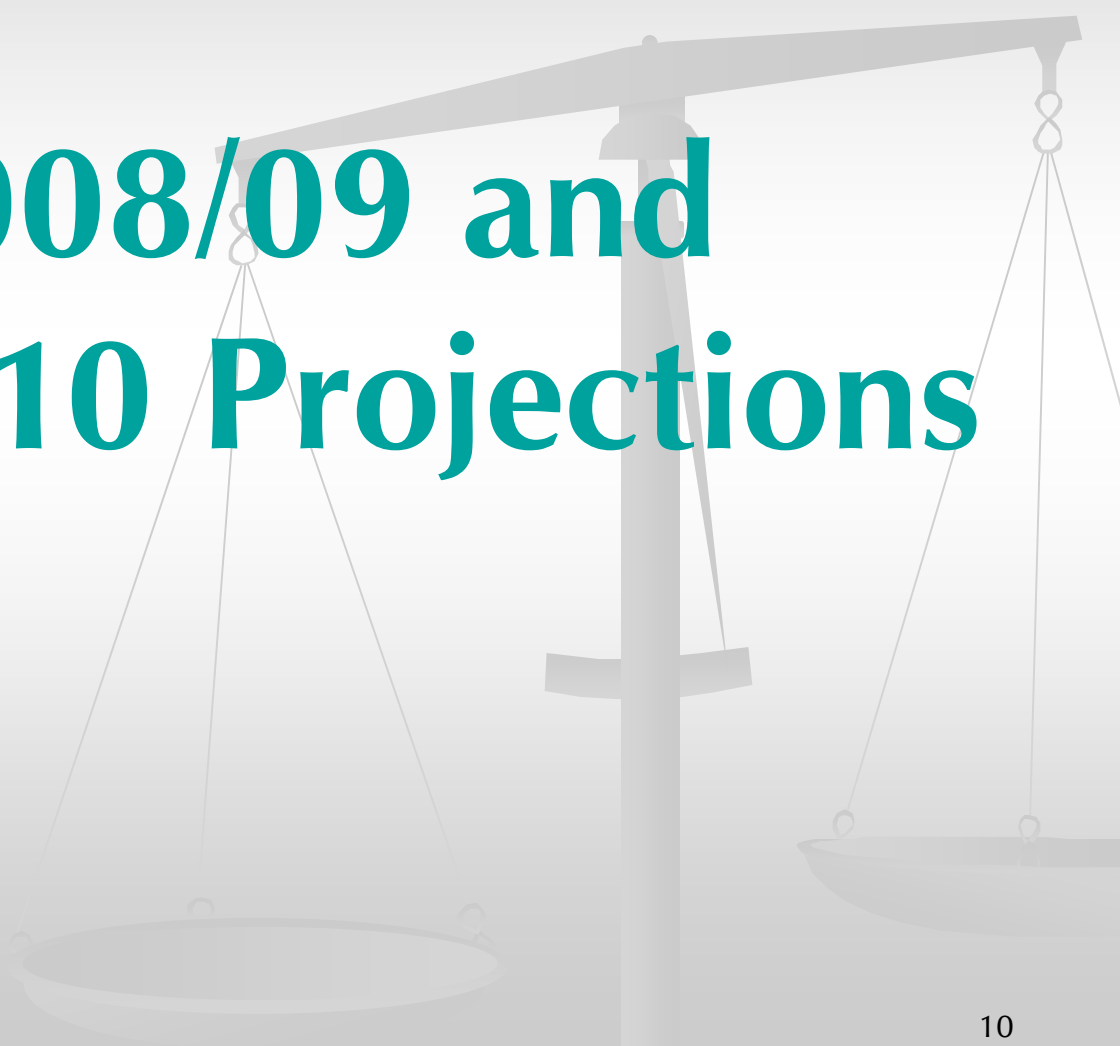
State Budget Summary Affecting K-12 Funding *(Continued)*

- Ability to Transfer June 30, 2008, Balances from Restricted to Unrestricted
 - Except:* Special Education
 - QEIA
 - Economic Impact Aid
 - Targeted Instructional Improvement Grants
 - Instructional Materials
 - California High School Exit Exam
 - Supplemental Instruction
 - Home-to-School Transportation
- Ability to Skip Local Match to Deferred Maintenance Through FY 2012/13 (After 08/09)
- Ability to Reduce Routine Restricted Maintenance From 3% to 1% Through FY 2012/13

State Budget Summary Affecting K-12 Funding *(Continued)*

What DID NOT Get Included

- Ability to Reduce School Year from 180 to 175 Days
- Ability to Reduce Reserve for Economic Uncertainties by 50%



FY 2008/09 and FY 2009/10 Projections

2008-2009 Unrestricted General Fund Midyear Impacts

	Governor's Budget	State Approved Budget
<u>State Level</u>	(\$ M)	(\$ M)
Eliminate .68% COLA 18,660 ADA X \$46 =	(\$.9)	(.9)
Further Reduction to Revenue Limit (4.5%) (2.6%) 18,660 X \$305 = / 18,660 X \$175 =	(5.7)	(3.2)
Other State Cut Impacts to Unrestricted		(1.4)
Lottery Revenue Reduction		(.1)
Subtotal	(\$ 6.6)	(\$ 5.6)
<u>Other</u>		
Special Ed. Over-Run	(.8)	(.8)
Medi-Cal Revenue Decrease (Two-Year Impact)	(.8)	(.7)
Total Impacts	<u>(\$ 8.2)*</u>	<u>(\$ 7.1)*</u>

*Risk: ADA

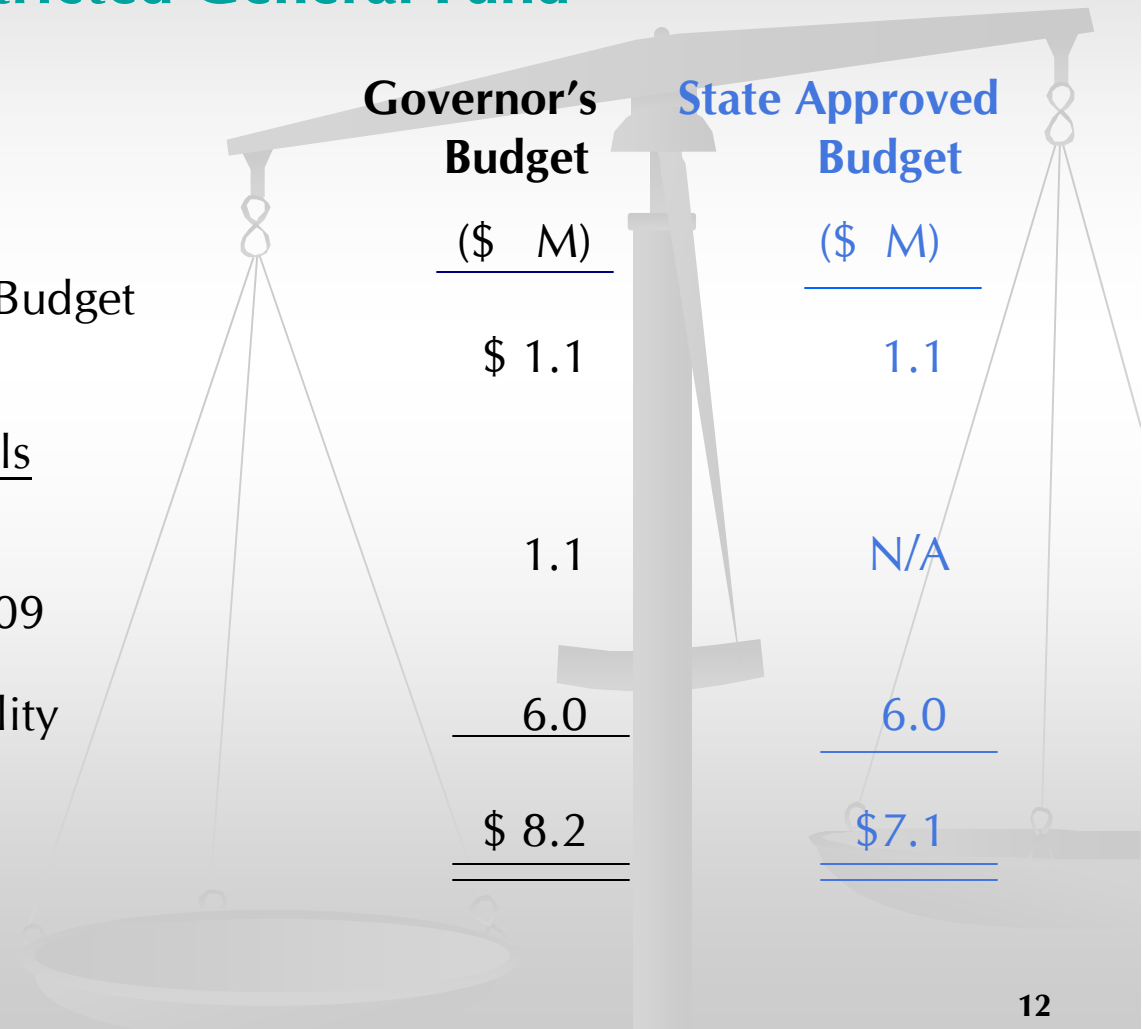
Potential Actions to Offset 2008-09 Midyear Impacts Unrestricted General Fund

- Eliminate Reserve for State Budget Uncertainties

Governor's Budget Flex Proposals

- Skip Deferred Maintenance Contribution for 2008/09
- Categorical Transfer Flexibility

Total



Other Impacts to the Unrestricted General Fund

	Impact (\$M)	
	08/09	09/10
■ Community Day School <i>Funds Gateway Programs</i>	(\$.04)	(\$.05)
■ Indirect Cost Reductions	(.20)	(.27)
■ Ninth Grade Class Size Reduction <i>Funds Teacher Salaries</i>	(.29)	(.37)
■ Professional Development Block Grant <i>Funds Teacher Salaries for Professional Development Days</i>	(.17)	(.22)
■ Supplemental Counseling Program <i>Funds Additional School Counselors Over Base Formula</i>	(.20)	(.30)
■ Supplemental Instruction Program <i>Funds Summer School and Hourly Tutorial Programs</i>	(.50)	(.62)
Total	(\$1.40)	(\$1.83)

2009-2010 Unrestricted General Fund Impacts

	Governor's Budget	State Approved Budget
	(\$ M)	(\$ M)
<u>State Level</u>		
■ Ongoing Impacts from 2008-09	(\$ 6.6)	(\$ 5.6)
■ Further Reduction to Revenue Limit (2.5%) (.97%) (18,660 X \$160) / (18,660 X 160)	(3.0)	(1.2)
■ Further State Cut Impacts to Unrestricted		(.4)
■ Hughes Settlement Revenue Not in Budget		(.3)
Subtotal	(\$ 9.6)	(\$ 7.5)
<u>Other</u>		
■ Projected Deficit at First Interim	(1.3)	(1.3)
■ Special Ed Over-Run Continue	(.8)	(.8)
■ Medi-Cal Revenue Decrease Continue	(.4)	(.4)
■ Learning Center Expansion	(.6)	(.6)
Subtotal	(\$ 3.1)	(\$ 3.1)
Total	(\$12.7)	(\$10.6)

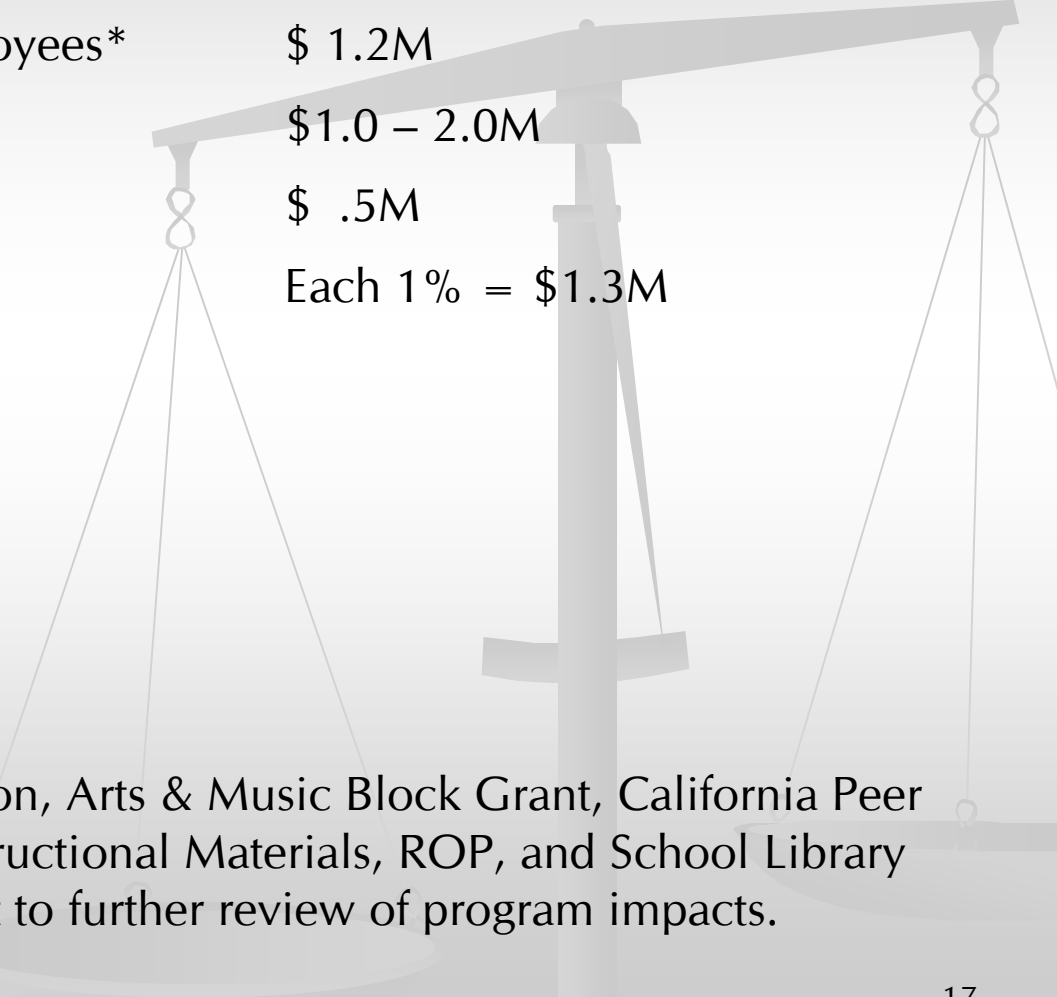
Potential Actions to Offset 2009-2010 Impacts

	(\$M)	FTE		
		Cert.	Class.	Mgt/Supv
Homestead Frontier SRO	.15			
GASB 45 Liability Funding	.20			
Deferred Maintenance Contribution Skip	1.10			
Eliminate Tutorials Deficit	.20			

Potential Actions to Offset 2009-2010 Impacts

	(\$M)	FTE		
		Cert.	Class.	Mgt/Supv
Special Education Reductions	\$ 1.10	3	16	1
Eliminate Over-Formula Positions	.20			2
Eliminate 2008-2009 Restored Positions	.50		8	
Additional Central Office Cuts	.50		4	2
Eliminate Classified Positions (3/Site)	1.50		30	
Increase Class Size (35.5 to 37)	1.50	25		
Increase Ninth Grade CSR (20 to 25)	1.20	16		
Learning Center Funding From Categorical	.60			
Subtotal	\$ 8.75	44	58	5
Target	\$10.60			
Additional Actions Needed	\$ 1.85			

Potential Additional Actions to Offset 2009-2010 Impacts



Two-Day Furlough/Year—All Employees*	\$ 1.2M
Ongoing Categorical Transfers**	\$1.0 – 2.0M
Start School After Labor Day	\$.5M
Salary Rollback*	Each 1% = \$1.3M

*Subject of Negotiation

**Sources would be Adult Education, Arts & Music Block Grant, California Peer Assistance and Review, GATE, Instructional Materials, ROP, and School Library Improvement Block Grant. Subject to further review of program impacts.

Recommendations to Resolve Deficits



Recommendations to Resolve Deficits

2008/09


- Eliminate State Budget Uncertainty Reserve
- Transfer Categorical Funds to Fully Resolve 2008/09 Deficit (Minimum \$6.0M)

Recommendations to Resolve Deficits

2009/10

- Authorize Initiation of Potential Actions Listed on Pages 15 and 16
- Authorize Initiation of Selected Potential Additional Actions Listed on Page 17 to Fully Resolve Deficit
- Authorize Required Public Hearing Prior to June 30, 2009, for Categorical Transfers

Restricted/Other Reductions



Restricted/Other Reductions

	08/09 Base	08/09 Revised (-15.4%)	09/10 (-4.5%)
Tier I			
<u>No Cut, No Flex</u>			
Economic Impact Aid	\$1,638,298	1,638,298	1,638,298
QEIA	2,086,000	2,086,000	2,086,000
Subtotal Tier I	\$3,724,298	\$3,724,298	\$3,724,298
Reduction From Prior	--	--	--
Tier II			
<u>Cut, No Flex</u>			
Agricultural Vocational Education	24,480	20,710	19,608
Adults in Correctional Facilities	1,419,371	1,200,788	1,136,916
Adult Apprenticeship Program	642,570	543,614	514,699
Subtotal Tier II	\$2,086,421	\$1,765,112	\$1,671,223
Reduction from Prior	--	< \$ 321,309 >	< \$ 93,889 >

Restricted/Other Reductions *(Continued)*

Tier III	08/09	08/09	09/10
<u>Cuts & Flexibility</u>	Base	Revised (-15.4%)	(-4.5%)
Administrative Training Program	12,000	10,152	9,612
Adult Education	9,245,324	7,821,544	7,405,504
Arts & Music Block Grant	391,987	331,621	313,982
CAHSEE Intensive Instruction	936,826	792,555	750,398
California Peer Assistance & Review	95,042	80,406	76,129
Community-Based English Tutoring Program	70,353	59,519	56,353
Gifted & Talented (GATE)	170,042	143,856	136,204
Instructional Materials Block	1,359,751	1,150,349	1,089,161
Pupil Retention Block Grant	574,949	486,407	460,534
Professional Development Block Grant	1,094,920	926,302	877,031
Supplemental School Counseling	1,362,382	1,152,575	1,091,268
Teacher Credentialing Block Grant	331,589	280,524	265,603

Restricted/Other Reductions *(Continued)*

Tier III Cuts & Flexibility (Continued)	08/09 Base	08/09 Revised (-15.4%)	09/10 (-4.5%)
ROP*	7,358,916	6,582,196	6,235,314
School & Library Improvement Block	203,763	172,383	163,214
Targeted Instructional Improvement Grant	1,677,406	1,419,085	1,343,602
 Subtotal Tier III	 \$24,885,250	 \$21,409,474	 \$20,273,909
Reduction From Prior	--	<\$ 3,475,776 >	<\$ 1,135,565 >
 Total All Tiers	 \$30,695,969	 \$26,898,884	 \$25,669,430
Change from Prior	--	<\$ 3,797,085 >	<\$ 1,229,454 >
Two Year Reduction			<\$ 5,026,539 >

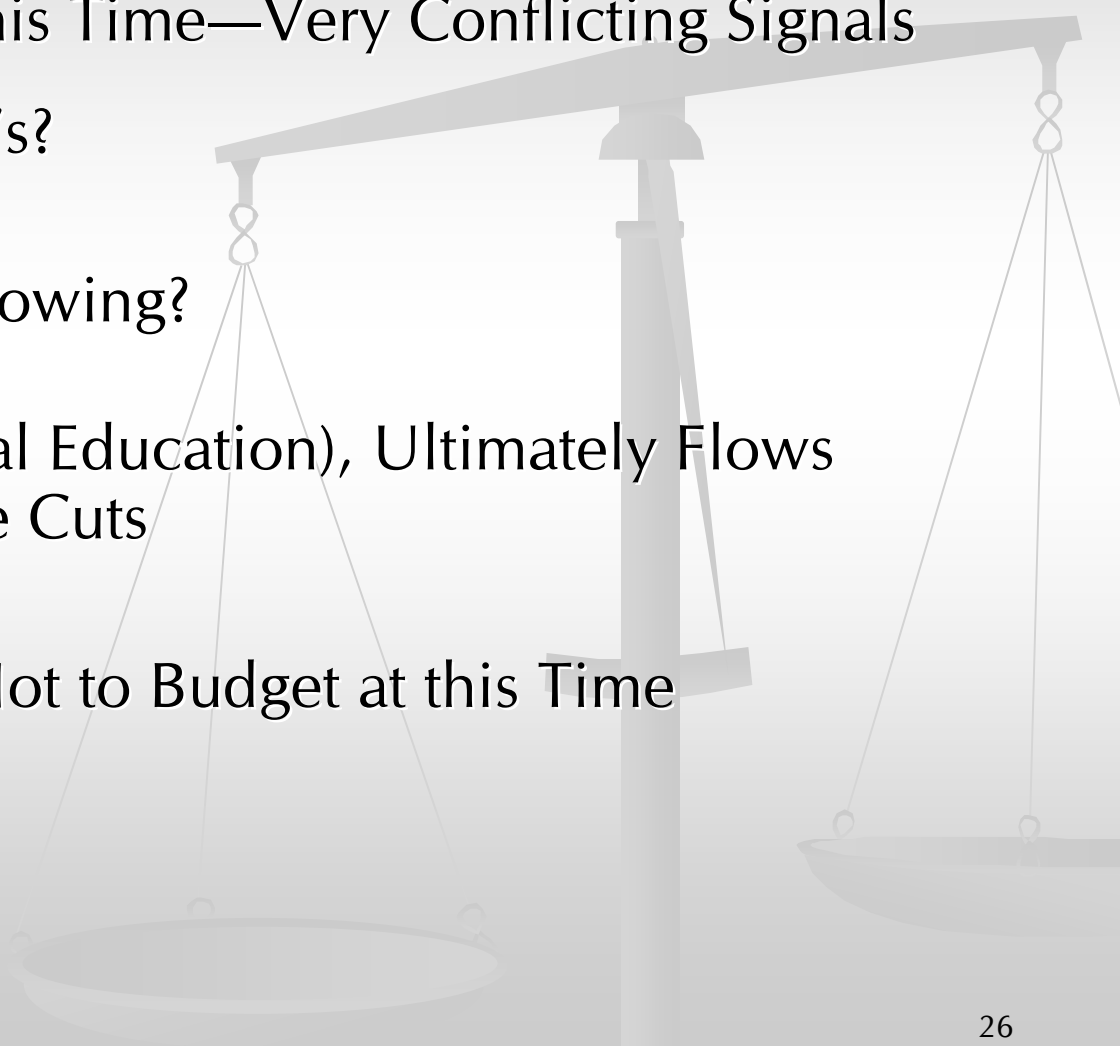
With the exception of those cuts affecting Unrestricted General Fund, these reductions will result in direct impact to each respective program.

**ROP figures based on County figures*

Federal Stimulus??



Federal Stimulus Funding

- Unknown Impact at this Time—Very Conflicting Signals
 - Flow Through LEA's?
or
 - State Offset to Borrowing?
 - If IDEA Money (Special Education), Ultimately Flows Through, Can Mitigate Cuts
 - SDCOE Direction is Not to Budget at this Time
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Second Interim Financial Report



Second Interim Financial Report

- Will be Presented at March 12 Governing Board Meeting
 - Will Recommend Positive Certification Together with Plan to Resolve Deficit
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