The background of the slide features a light blue gradient with a faint, semi-transparent image of classical architectural columns on the left side. The columns are white with detailed capitals and are set against a darker blue background. The entire slide is framed by a thin brown border.

Grossmont Union High School District
May 28, 2008
Governing Board Budget Study Workshop

Fiscal Year 2008/09

Budget Adoption Preview

Agenda

- FY 2008/09 Budget Guiding Principles
- Governor's May Revision Overview
- Projected Enrollment
- FY 2008/09 General Fund Budget Preview
- FY 2008/09 General Fund Revenue & Expenditure Summary
- Revenue & Expenditure Assumptions
- Budget Year/Multi-year Comparison
- Areas of Special Interest
 - Special Education
 - Health & Welfare Benefits
- Unrestricted Ending Balances
- Cost of 1% Salary Increase
- Next Steps

Fiscal Year 2008/09 Budget Guiding Principles

FY 2008/09 Budget 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
- Avoid Deficit Spending in Two Consecutive Years
- 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



Governor's May Revision ~~High~~ Lights Overview

Governor's May Revision

- The proposed COLA is now 0% for Revenue Limits and Special Education

	<u>January</u>	<u>May*</u>
-Revenue Limit	<2.5%>	0%
-Special Education	<6.5%>	0%

*COLA of 5.66% is Exactly Offset by Deficit Factor of 5.357%

- Most Other Categoricals Remain at a Cut of <6.5%>;
Notable Exception: QEIA
- Proposition 98 is not suspended
(Because the Baseline or "Minimum Guarantee" was Reduced in the Current Year)

Governor's May Revision *(Continued)*

- Deferred Maintenance State Match is Eliminated for FY 08/09 (~\$1M to GUHSD)
- Supplemental Hourly – Core Academic Deficit up From 12% to 43%

Governor's May Revision *(Continued)*

- New Local Flexibility Proposals:
 - Reduce Required Reserve Levels to One-Half
 - Allow “Sweep” of Categorical Balances at Year End
 - Allow Redirection of 2% State Categoricals to Unrestricted
 - Increase AB 825 Transfer Levels
 - From: 15% Out/ 20% In
 - To: 20% Out/ 25% In
 - Reduce Routine Restricted Maintenance Reserve from 3% to 2%
 - Eliminate Deferred Maintenance Local Match

Governor's May Revision *(Continued)*

Controversial:

- The Basic Funding Plan:

Either Borrow Against the Lottery

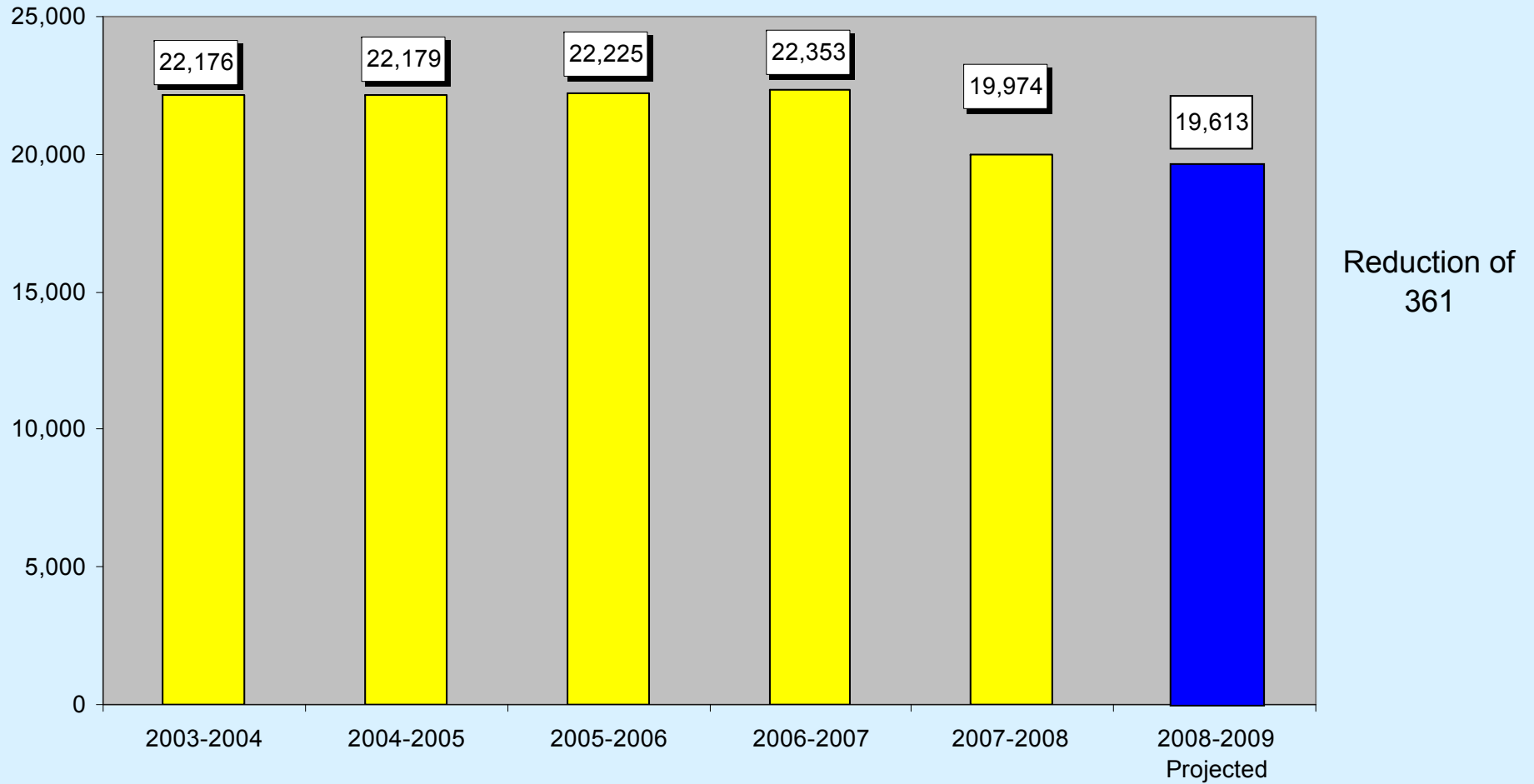
OR

1% Sales Tax Increase


- Additional Reductions to Health & Human Services

Projected Enrollment

District Enrollment*



*Steele Canyon Charter excluded beginning 07/08



FY 2008/09 General Fund Budget Preview

FY 2008/09 General Fund Budget Preview

- Resolves Following Deficits Projected After Governor's January State Budget Proposal:

General Fund

<\$14.1 Million>

Unrestricted

<\$11.8 Million>

BUDGET RECOMMENDATIONS – FISCAL YEAR 2008/09--MARCH 5, 2008

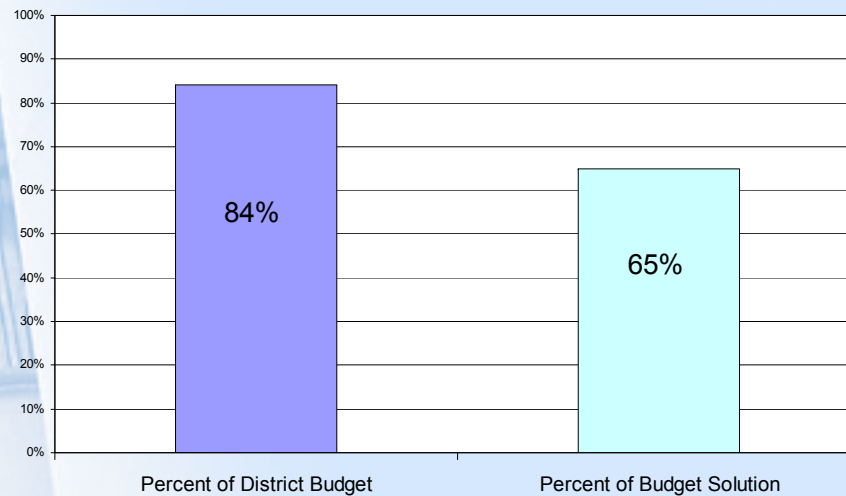
**Summary of Recommendations to
Resolve Deficit**

■ Use of Reserves	\$ 2.0 M
■ Student Recovery & Attendance Policy ADA Increase (150 ADA)	1.0
■ Improved Health & Welfare Benefits Cost Forecast	.3
■ Band 1 Budget Recommendations	4.0
■ Band 2 Budget Recommendations	2.6
■ Band 3 Budget Recommendations	<u>1.9</u>
Total	<u><u>\$11.8 M</u></u>

FY 2008/09 General Fund Budget Preview

- Incorporates Budget Actions Approved at March 5, 2008 Governing Board Meeting Totaling \$11.8 Million

Personnel Cost Percentage Comparisons



- Establishes State Budget Adoption Uncertainty Reserve of \$1.8M until State Budget is Adopted

FY 2008/09 General Fund Budget Preview *(Continued)*


- Reduces Central Office by 10%
- Introduces year 1 of 3 Use of Reserves Plan (*\$2 Million this Year*)
- Maintains Reserve for Economic Uncertainties at 3%
- Rebenches Restricted Maintenance Account to 3% as Part of Budget Balancing (*Includes District Contribution to Deferred Maintenance*)
- Reflects Aggressive Drop-out Recovery and Student Attendance Improvement Programs
 - 150 ADA = \$1 Million
- Raises Average Class Size by Two Students
 - Priority Item for Restoration

FY 2008/09 General Fund Budget Preview *(Continued)*

- Continues the Following Programs Initiated in FY 2007/08
 - Additional .5 FTE at Each Comprehensive High School for Student Intervention Programs
 - District Professional Development Budget: \$45K
 - Funding Contributions for “Other Post Employment Benefits” Under GASB 45
- Continues the Following Programs Initiated in FY 2006/07
 - Student Attendance Incentive Program
 - School Site Facility Use Revenue to Schools
 - Student Tech Refresh Program (*Computer Replacement*)
 - .20 FTE Athletic Director Release Period

FY 2008/09 General Fund Budget Preview *(Continued)*

- Puts “On-Hold” for One Year:
 - School Bus and Other Vehicle Replacement Program
 - Gym Floor Minor Refinishing
 - Band Instrument Repair/Replacement *(Sites May Decide to Use Arts & Music Block Grant Money)*
- Funds Band Uniform Replacement Program – No One Year Delay

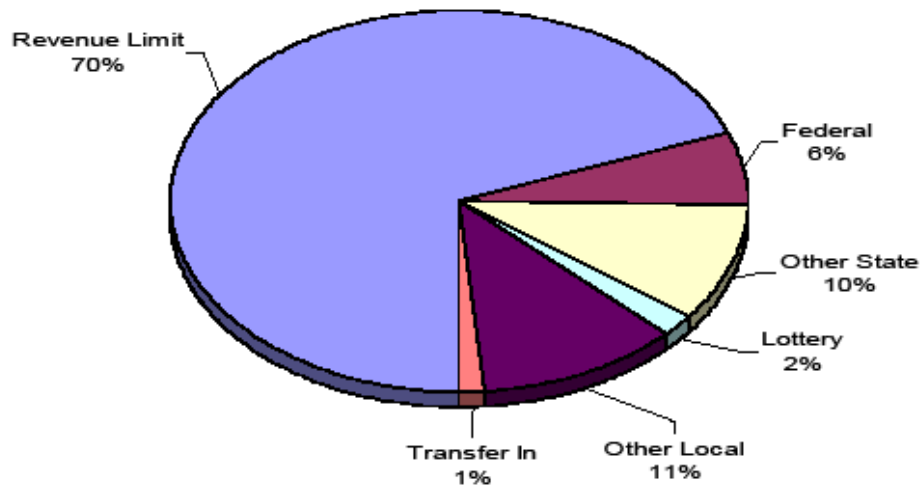


FY 2008-2009
Revenue &
Expenditure
Summary

FY 2008/09 Unrestricted General Fund Comparison (\$M)

	<u>Per Governor's January Proposal</u>	<u>After Approved Budget Actions & Governor's May Revise Proposal</u>	
Revenue	\$104.3	\$108.4	
- Expenditures	<u>116.1</u>	<u>106.6</u>	
= Surplus/Deficit	<u><\$11.8></u>	<u>\$1.8</u>	→ State Budget Adoption Uncertainty Reserve

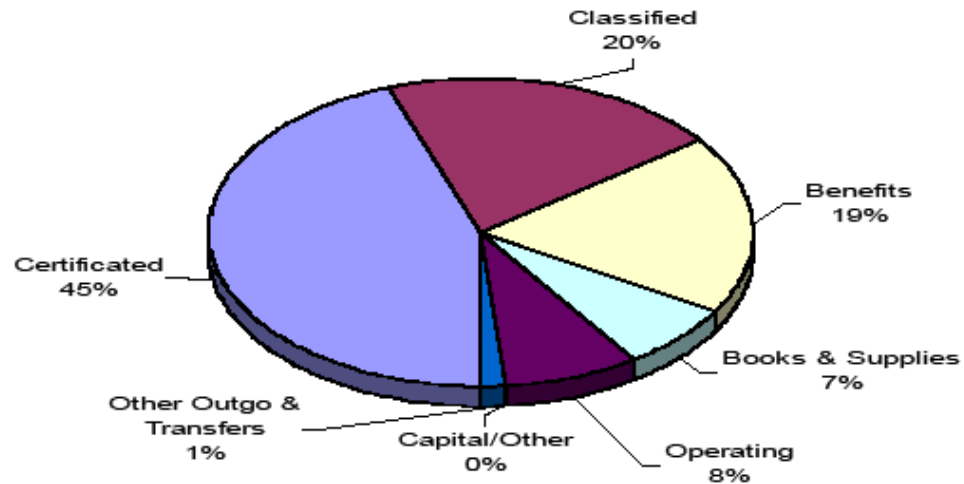
Grossmont Union High School District General Fund Revenue 2008-09 Budget



General Fund Sources
(In Millions)

Revenue Limit	126.1
Federal	11.0
Other State	18.3
Lottery	3.3
Other Local	20.8
Transfer In	2.7
Total Revenues	182.2

Grossmont Union High School District General Fund Expenditures 2008-2009 Budget



General Fund Expenditures
(In Millions)

Certificated	80.2
Classified	36.3
Benefits	34.3
Books & Supplies	12.5
Operating	14.5
Capital/Other	0.3
Other Outgo & Transfers	2.3
Total Expenditures	<u>180.4</u>

Revenue & Expenditure Assumptions

GOVERNING BOARD BUDGET ADOPTION PREVIEW – MAY 28, 2008

REVENUE	2005-2006 ACTUALS	2006-2007 ACTUALS	2007-2008 April	2008-2009 Adopted	2009-2010 Projected
1. COLA per SSC	4.23%	5.92%	4.53%	5.66%	4.83%
Deficit	_____	_____	_____	<u>5.357%</u>	_____
Net COLA	4.23%	5.92%	4.53%	0%	4.83%
Calculated RL Rate per ADA	\$ 5,977.35	\$ 6,399.00	\$ 6,689.00	\$ 6,689.00	7,012.00
Enrollment Projection	22,225	22,353	19,974	19,613	19,252
Enrollment Growth/(Decline)	46	128	(280)	(361)	(361)
Loss from Steele Canyon			(2,158)		
Factor of Enrollment to P2 ADA	92.49%	92.58%	93.03%	93.03%	93.03%
P2 ADA	20,667	20,744	18,627	18,442	18,106
ADA for Funding*			19,257	18,640	18,454
2. Categorical COLA per SSC	4.23%	5.92%	4.53%	(6.5%)	4.83%
3. Special Ed COLA per SSC (Bifurcation)	4.23%	4.10%	3.58%	0%	3.82%
4. Lottery - Regular	\$ 126.66	\$ 118.00	\$ 121.00	\$ 121.00	\$ 121.00
- Instructional Materials	\$ 28.96	\$ 19.00	\$ 22.00	\$ 22.50	\$ 22.50
5. Equalization Aid	\$ 0.00	\$ 67.40	\$ 0.00	\$ 0.00	\$ 0.00
6. Deficit Reduction on R. L.	0.892%	N/A	N/A	N/A	?

*Revenue Limit funding is based on declining enrollment formula;
Steele Canyon Revenue Loss: 2007-2008 75%; 2008-2009 100%

GOVERNING BOARD BUDGET ADOPTION PREVIEW – MAY 28, 2008

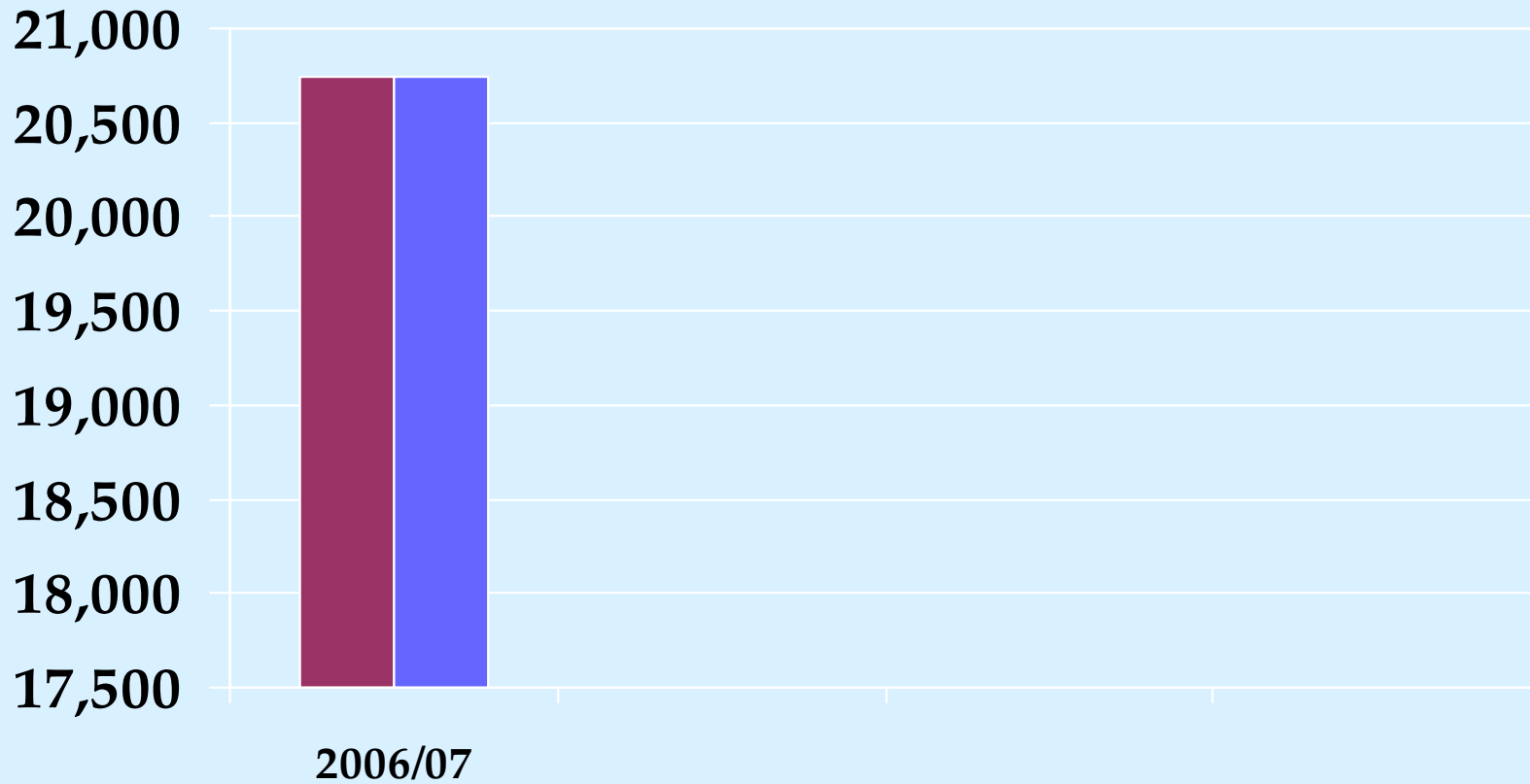
EXPENDITURES	2005-2006 ACTUALS	2006-2007 ACTUALS	2007-2008 APRIL	2008-2009 ADOPTED	2009-2010 PROJECTED
1. Step and Column-All Groups .9M	In Actuals	In Actuals	In Actuals	\$.9M	\$
2. Health & Welfare Increases	In Actuals	11% \$.9M	12% \$1.0M	8% \$.9M	10% \$.9M
Annual Health Insurance (Per Employee)	\$6,243	\$6,928	\$7,040	\$7,635	\$8,398
3. Fringe Benefit Rates					
STRS State Teachers Retirement	8.25%	8.25%	8.25%	8.25%	8.25%
PERS Public Employees Retirement	9.116%	9.124%	9.306%	9.306%	9.306%
PERS Rate Reduction	<u>3.904%</u>	<u>3.896%</u>	<u>3.714%</u>	<u>3.714%</u>	<u>3.714%</u>
PERS Total	13.020%	13.020%	13.020%	13.020%	13.020%
Social Security	6.20%	6.20%	6.20%	6.20%	6.20%
Medicare	1.45%	1.45%	1.45%	1.45%	1.45%
State Unemployment	0.45%	0.05%	0.05%	0.30%	0.30%
Worker's Compensation	2.45%	1.73%	1.68%	1.67%	1.67%
Retiree Medical	Lump Sum	Lump Sum			
% (Amortization of UAAL)			.73%	.73%	.73%
\$/FTE (Normal Cost)			\$400	\$400	\$400

GOVERNING BOARD BUDGET ADOPTION PREVIEW – MAY 28, 2008

EXPENDITURES (Cont.)	2005-2006 ACTUALS	2006-2007 ACTUALS	2007-2008 April	2008-2009 ADOPTED	2009-2010 PROJECTED
4. Salary Increases	4.00%	6.89%	4.00%	0.00%	0.00%
5. Utility Increases	2.13%	10.48%	6%	6%	6%
	\$98K	\$529K	\$376K	\$295K	306K
6. Supplies & Oth. Opr. Exp. Inc.	0	0	0	0	0
7. School Formula Allocations					
Per student enrollment					
Books, Supplies, Equipment	\$60.00	\$60.00	\$60.00	\$55.00	\$55.00
Instructional Materials	\$20.00	\$20.00	\$20.00	\$20.00	\$20.00
Hourly Allocation	\$31.00	\$35.10	\$37.52	\$37.52	\$37.52
8. Categorical Increase	4.23%	5.92%	4.53%	(6.5%)	4.83%
9. Special Ed Growth	7.78%	5.62%	2.00%	2.00%	2.00%
	\$2.4M	\$1.9M	\$.7M	\$0.00	\$.6M
10. Projected Unexpended Amount <i>(other than vacancy savings)</i>			In Base	In Base	In Base
11. Vacancy Savings			\$1.4M	\$1.4M	\$1.4M

Declining Enrollment Revenue Effect

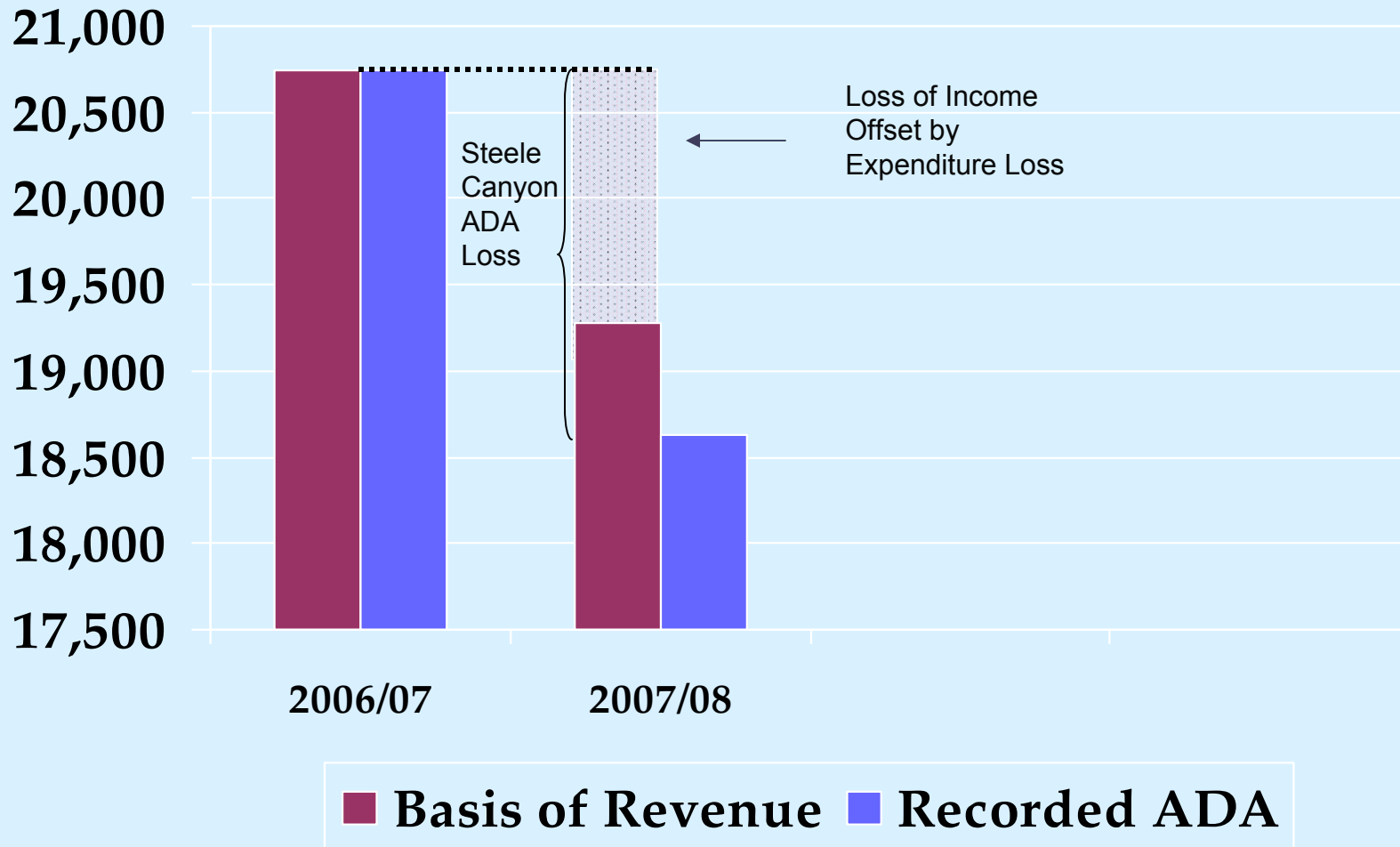
(Rule: Get Prior Year ADA less students moving from district school to charter school)



■ Basis of Revenue ■ Recorded ADA

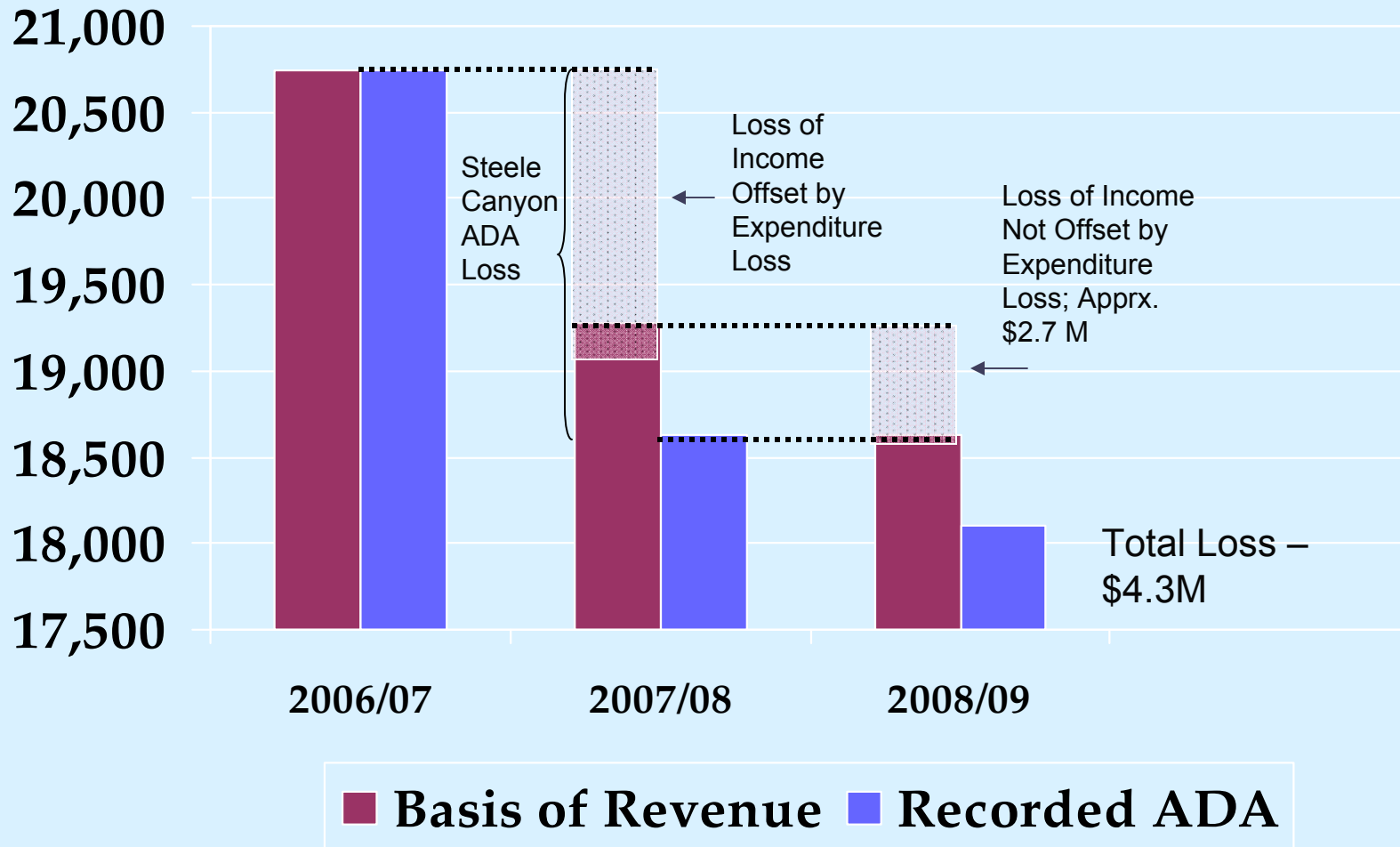
Declining Enrollment Revenue Effect

(Rule: Get Prior Year ADA less students moving from district school to charter school)



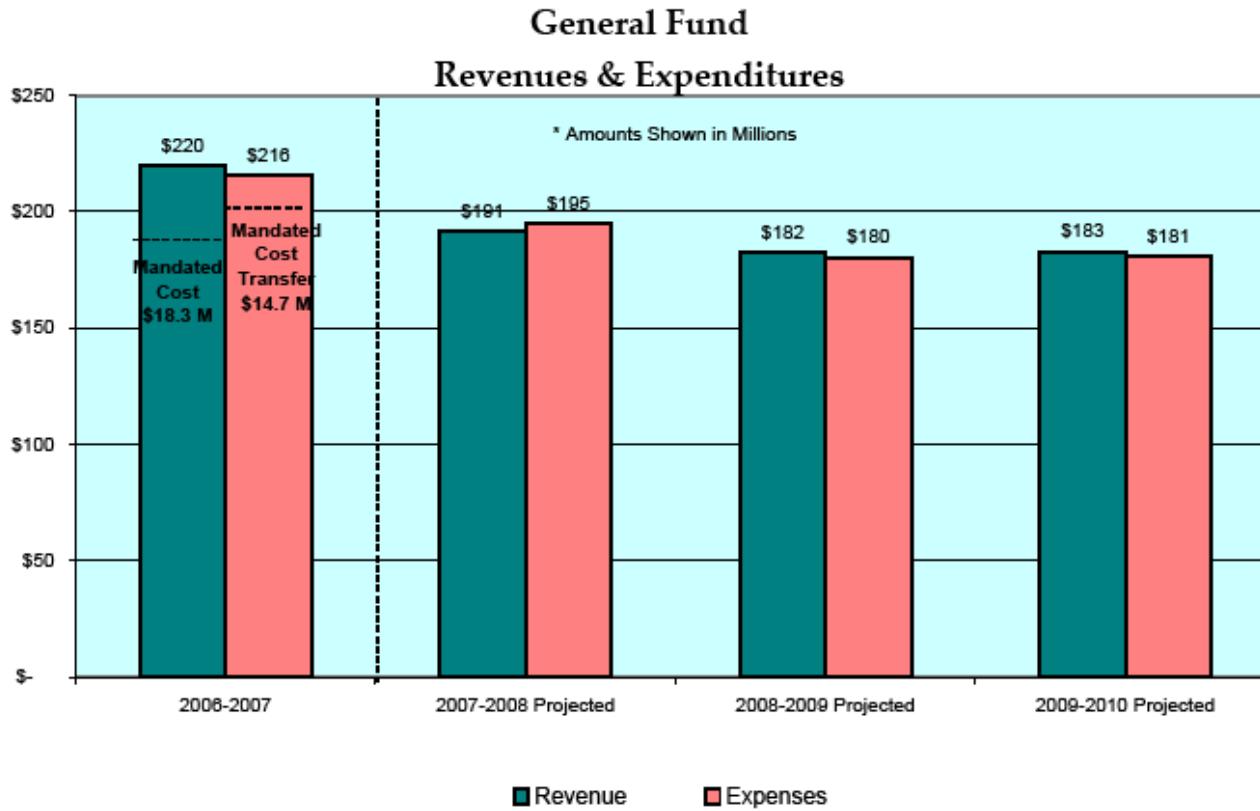
Declining Enrollment Revenue Effect

(Rule: Get Prior Year ADA less students moving from district school to charter school)



Multi-Year Comparison --General Fund--

GOVERNING BOARD BUDGET ADOPTION PREVIEW – MAY 28, 2008



GOVERNING BOARD BUDGET ADOPTION PREVIEW – MAY 28, 2008

	2005-2006 ACTUALS	2006-2007 ACTUALS	2007-2008 APR. PROJ.	2008-2009 PROJECTED 5.66% COLA X 5.357% Deficit	2009-2010 PROJECTED 4.83% COLA
REVENUE	184,252,608	219,654,324	189,410,582	179,498,368	182,848,634
EXPENDITURES	179,628,173	199,569,770	191,051,149	179,322,387	179,633,981
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDI- TURES BEFORE OTHER FINANCING SOURCES AND USES	4,624,435	20,084,554	(1,640,567)	175,981	3,214,653
TRANSFERS IN	811,520	0	1,962,069	2,681,820	0
TRANSFERS OUT	3,948,744	15,977,803	3,751,954	1,100,000	1,100,000
TOTAL OTHER FINANCING/ USES	(3,137,224)	(15,997,803)	(1,789,885)	1,581,820	(1,100,000)
NET INCREASE (DECREASE) IN FUND BALANCE	1,487,211	4,106,751	(3,430,452)	1,757,801	2,114,653

GOVERNING BOARD BUDGET ADOPTION PREVIEW – MAY 28, 2008

	2005-2006 ACTUALS	2006-2007 ACTUALS	2007-2008 APR. PROJ.	2008-2009 PROJECTED	2009-2010 PROJECTED
FUND BALANCE, RESERVES					
1) Beginning Balance, July 1	18,945,094	20,432,305	24,539,056	21,108,604	22,866,405
2) Ending Balance, June 30	20,432,305	24,539,056	21,108,604	22,866,405	24,981,058
Components of Fund Balance					
State Required 3%	5,507,308	6,466,428	5,844,094	5,412,672	5,422,020
Revolving Cash/Stores/Prepaid	525,301	568,674	538,119	538,119	538,119
ROP Capital Reserve	1,200,000	2,000,000	2,000,000	2,000,000	2,000,000
School Carryover	420,792	789,123			
All other	1,065,876	881,952			
Mandated Costs	502,085				
Insurance Benefits					
Student System	894,258	1,012,774	858,706	712,770	512,770
Budget Flexibility Reserve		373,520	175,481	633,260	2,938,565
Mandated Cost Reserve		3,333,114	987,511	0	0
Vacancy Savings Reserve			292,368	1,399,458	1,399,458

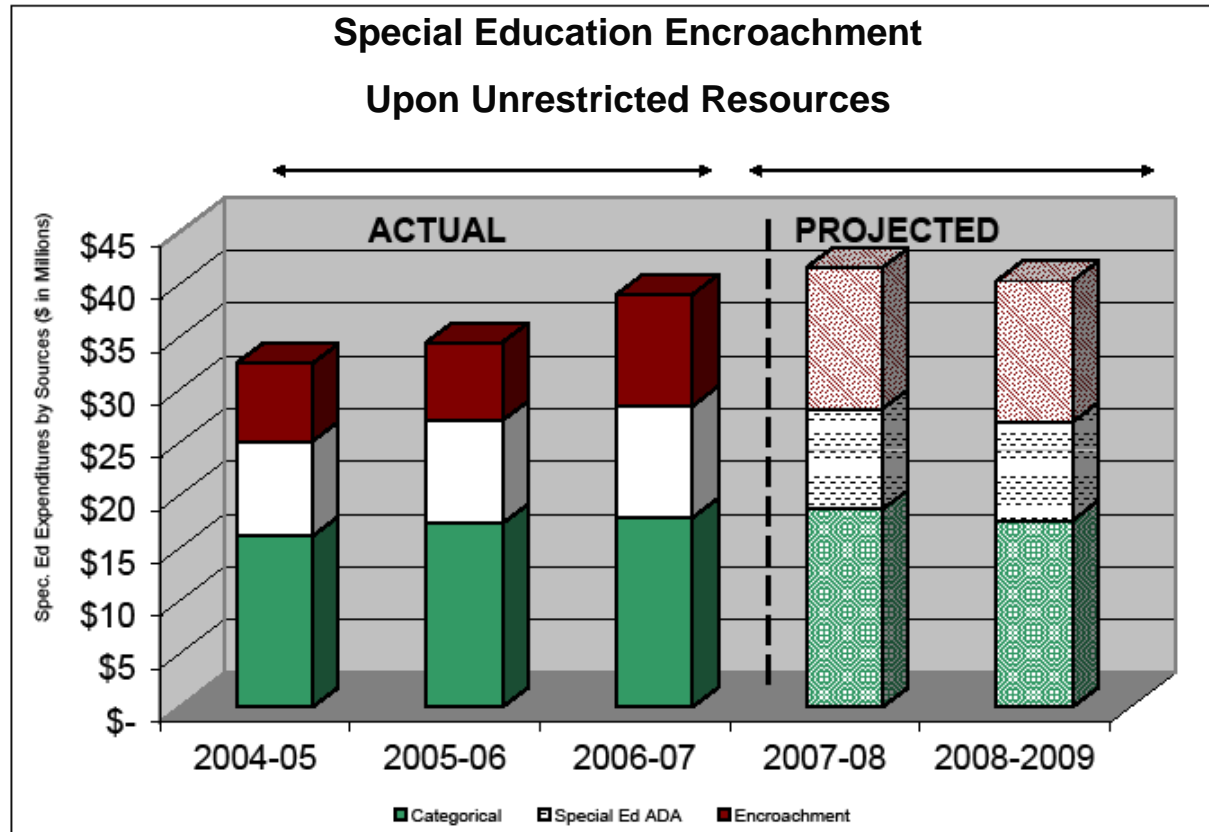
GOVERNING BOARD BUDGET ADOPTION PREVIEW – MAY 28, 2008

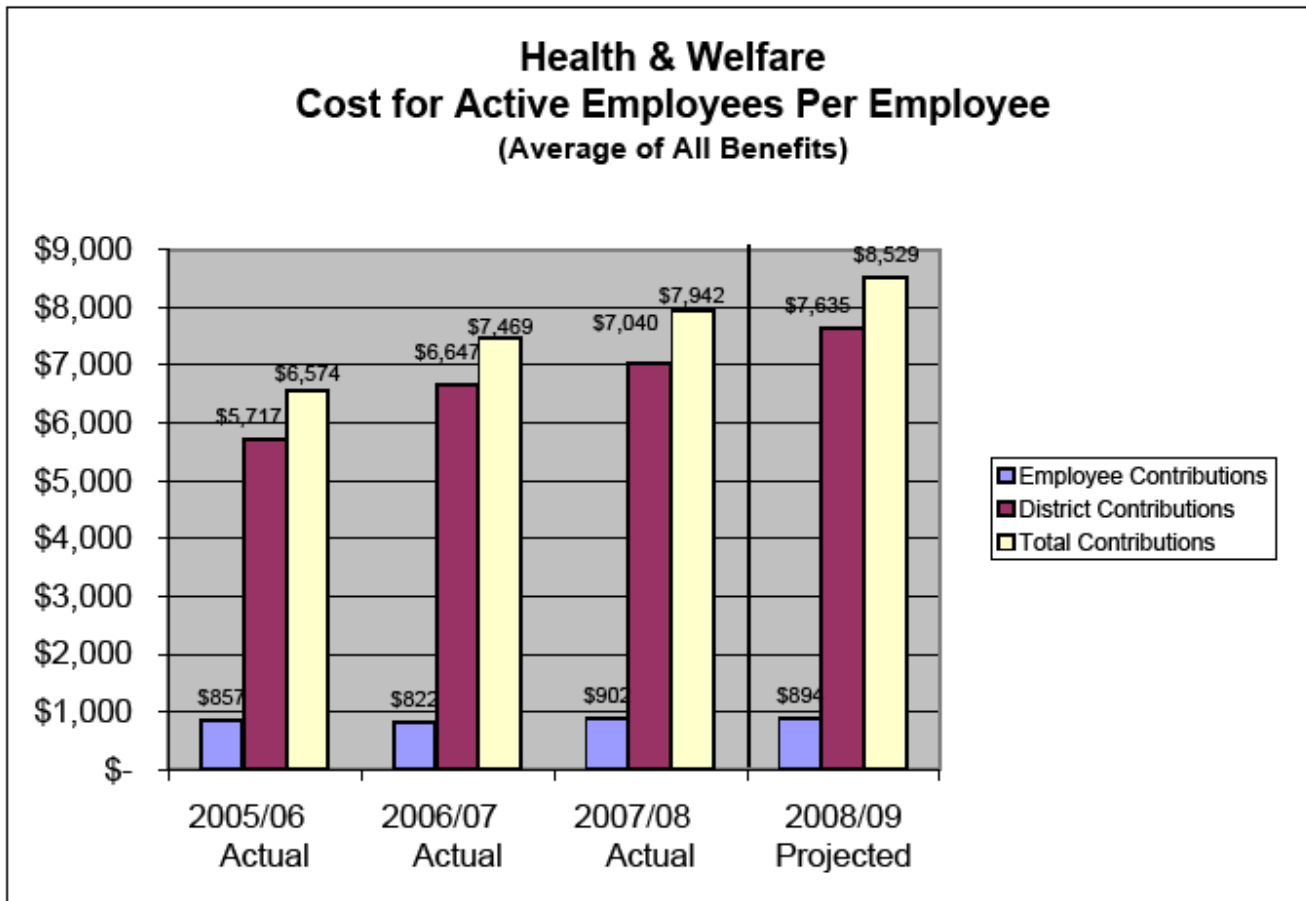
2005-2006	2006-2007	2007-2008	2008-2009	2009-2010
ACTUALS	ACTUALS.	APR. PROJ.	PROJECTED	PROJECTED
		4.53% COLA	0% COLA	4.83% COLA

FUND BALANCE, RESERVES (Cont.)

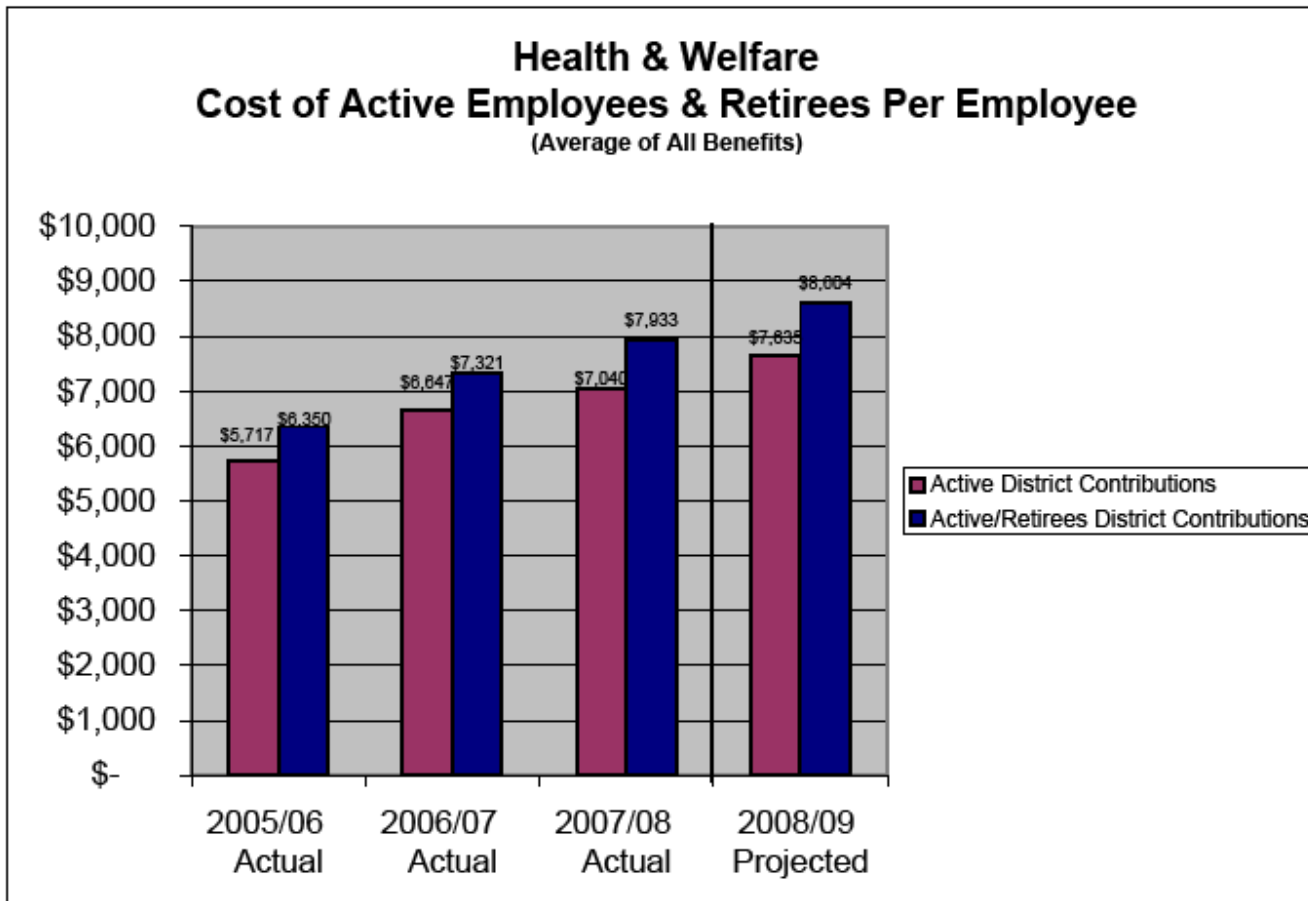
Legally Restricted (Categoricals)	3,645,437	6,468,821			
Food Services Point of Sale	400,000				
MAA	1,639,374				
Capital Equipment/Outlay	2,000,000	1,250,574	168,395	168,395	168,395
Attendance Incentive		175,973			
ROP Carryover	682,973	1,150,078			
Projected Unexpended Amount			10,118,899	10,118,899	10,118,899
Prop H Teacher Moves		68,025	125,031	125,031	125,031
Board Discretionary Reserve	1,948,901	0		0	0
State Budget Adoption				1,757,801	1,757,801
Uncertainty Reserve					
Total Components of Fund Balance	20,432,305	24,539,056	21,108,604	22,866,405	24,981,058

Areas of Special Interest





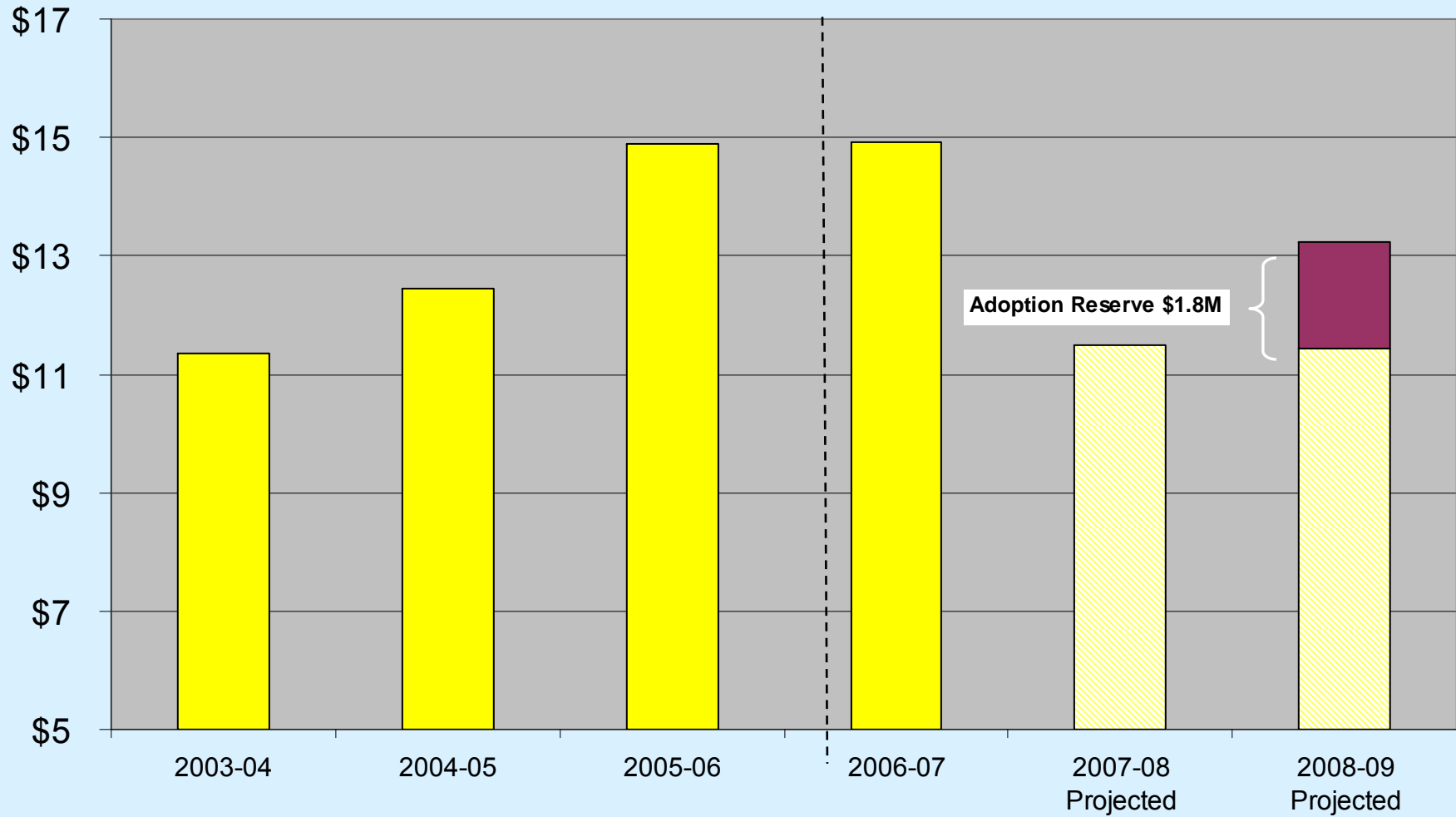
NOTE: FY 2008/09 assumes 12% Kaiser, 20% PacifiCare and 6% dental increase effective 1/2009. Change in PacifiCare plans effective 4/2008.



NOTE: FY 2008/09 assumes 12% Kaiser, 20% PacifiCare and 6% dental increase effective 1/2009. Change in PacifiCare plans effective 4/2008.

Unrestricted Ending Balances

Unrestricted Ending Balance



GOVERNING BOARD BUDGET ADOPTION PREVIEW – MAY 28, 2008

Components of Unrestricted Ending Balance

Fiscal Year	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008 (Est.)	2008-2009 (Est.)	2009-2010 (Est.)
Economic Uncertainties (3%)	\$5,156,483	\$5,219,569	\$5,507,308	\$6,466,428	\$5,844,094	\$5,412,672	\$5,422,020
Revolving Cash	60,000	60,000	60,000	60,000	60,000	60,000	60,000
Stores	195,493	230,176	198,402	236,771	206,216	206,216	206,216
Prepaid Insurance	216,237	238,795	266,899	271,903	271,903	271,903	271,903
Student System	1,922,000	1,100,000	894,258	1,012,774	858,706	712,770	512,770
Budget Flexibility Reserve				373,520	175,481	633,260	2,938,565
Mandated Cost Reserve				3,333,114	987,511		
Vacancy Savings Reserve					292,368	1,399,458	1,399,458
Capital Equipment/ Outlay Reserve			2,000,000	1,250,574	168,395	168,395	168,395

Components of Unrestricted Ending Balance (*Cont.*)

Fiscal Year	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008 (Est.)	2008-2009 (Est.)	2009-2010 (Est.)
Budget Projected Unexpended Amount					2,500,000	2,500,000	2,500,000
Prop H Teacher Moves			172,500	68,025	125,031	125,031	125,031
MAA		1,099,917	1,639,374				
Food Services Point of Sale		400,000	400,000				

GOVERNING BOARD BUDGET ADOPTION PREVIEW – MAY 28, 2008

Components of Unrestricted Ending Balance (*Cont.*)

Fiscal Year	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008 (Est.)	2008-2009 (Est.)	2009-2010 (Est.)
Mandated Costs	127,950	127,950	502,085				
Purchase Orders	479,676	263,801	146,936	298,590	TBD	TBD	TBD
Insurance Benefits	532,284	857,844					
School Carryover	610,298	509,038	420,792	654,246	TBD	TBD	TBD
Program/Dept. Carryover	702,352	705,636	582,926	453,380	TBD	TBD	TBD
School Lottery	92,473	47,170	43,945	66,247	TBD	TBD	TBD
Testing Grants		27,613	119,569	129,982			
All Other	134,512			244,503			
State Budget Adopt. Uncertainty Reserve						1,757,801	1,757,801
Undesignated	1,108,906	1,562,088	1,948,900				
Total	\$11,338,664	\$12,449,597	\$14,903,894	\$14,920,157	\$11,489,705	\$13,247,506	\$15,362,159

Cost of 1% Salary Increase

2008-2009 General Fund Cost for 1% by Bargaining Unit

Bargaining Unit	Salaries ⁽¹⁾	Benefits	Cost of 1%
CSEA	\$276,945	\$64,722	\$341,667
SEIU	33,626	7,858	41,484
GEA	667,628	82,786	750,414
Confidential	6,703	1,566	8,269
Classified Supervisor	13,050	3,050	16,100
Management	<u>95,467</u>	<u>15,042</u>	<u>110,509</u>
Totals	\$1,093,419	\$175,024	\$1,268,443

(1) Salaries are based on projections as of April 18, 2008
 Does not include Helix Charter, Steele Canyon Charter
 or Adult Ed.



Next Steps

FY 2008/09 District Budget

1. Complete Development of Final Budget Documents
 - State "SACS" Format
 - District Budget Book
2. Publish Required Public Notices (7 days in advance of adoption)
3. Adopt FY 2008/09 District Budget: June 12