



2009-10 Budget Workshop



June 18, 2009

Overview

**Purpose: 1) Preview 2009-10 Budget
2) Assess the "Damage" (Impact of May Revise)**

- Recap of 3rd Interim Financial Report
 - Impact of "February Budget"
- May Revise
 - Proposals & Grave Implications
- Summary of 2009-10 Budget
- Budget Outlook
 - 2010-11
 - 2011-12
- Recommendations

February Budget

The First Wave of Cuts

○ "17 Month" Problem: \$6,559,000

	<u>Revenue Limit</u>	<u>Cuts to Categorical</u>	<u>District</u>	<u>Total</u>
2008-09	\$2,312,000	\$792,000	\$507,000	\$3,611,000
2009-10	\$490,000	\$223,000	\$3,250,000	\$3,936,000

○ Solutions reduced projected deficit to \$409,000

- Flex & Sweep of Categorical Funds
- Concessions from Bargaining Units
- Early Retirement Incentives
- Use of Reserve (one-time solution)
- Reduce Site/Dept Allocations
- Hiring Freeze, staff reconfiguration

Backdrop for May Revision

- Disappointing Result of May 19 Election
- Economy & Unemployment continue to deteriorate
 - CA unemployment at 11%
 - Personal income dropped by 3.5%
 - GDP shrank by 6%
- Revenues continue to decline while expenditures continue to rise
 - State projected to run out of cash in July
 - State failed to secure \$5B RAW
 - **State Deficit at \$24.3B....as of May 30**

“Low” Lights of May Revision

- Major cuts to Education, Prison, Welfare, Higher Ed
 - Huge Deficit factor to Education
- More Flexibility
- More Deferrals

Cuts to Education are Retroactive to 2008-09

May Revise (in June)

The Second Wave of Cuts

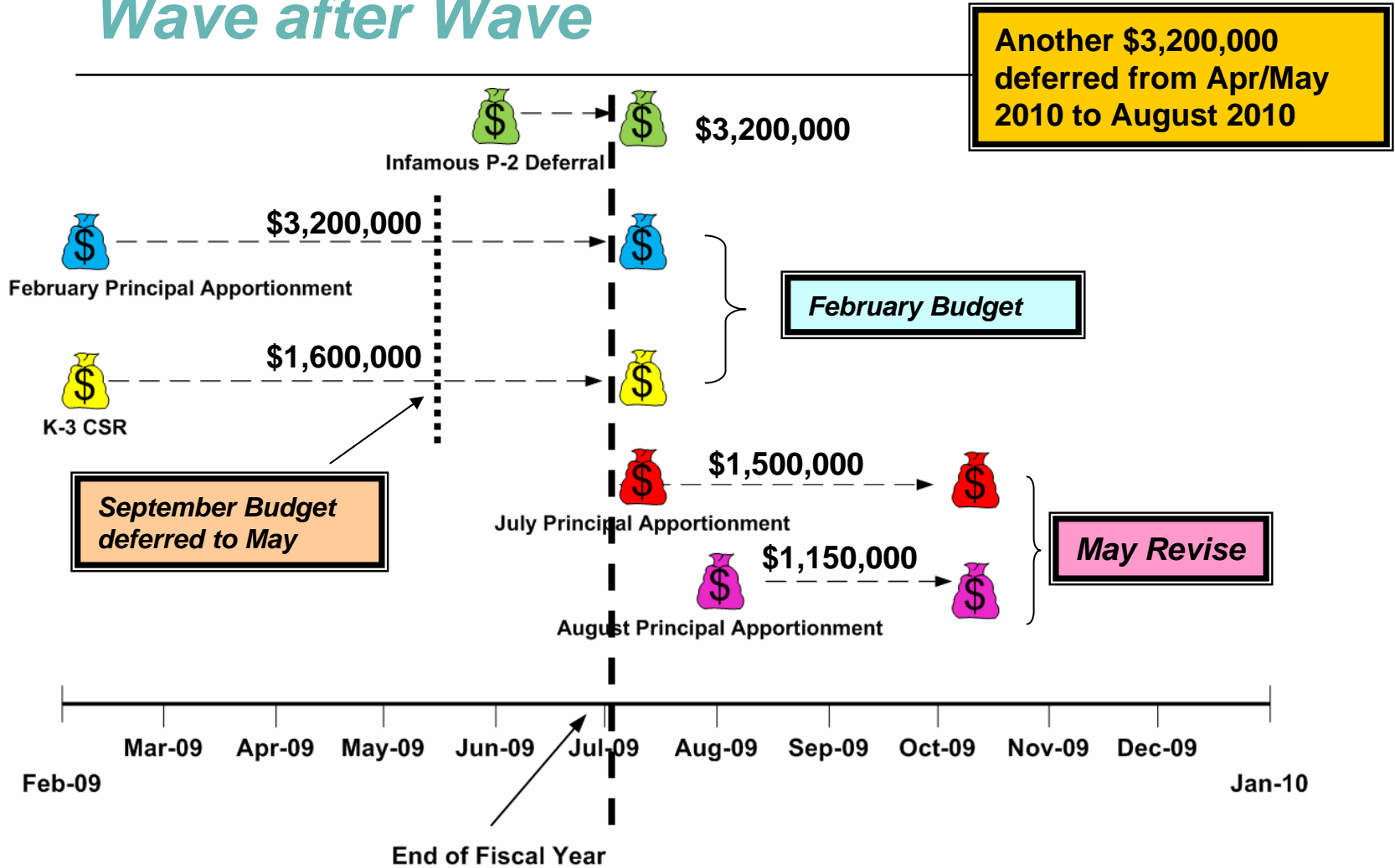
- Retroactive to 2008-09
 - \$2,200,000
- 2009 -10
 - 18% Deficit to Revenue Limit: \$3,223,000
 - 65% cut to Transportation: \$427,000
 - Increase cost of SPED Transportation: \$120,000
- May Revise Solution to provide more flexibility--**DOES NOT** yield actual dollars
 - Sweep of Carryover Funds: Transportation & IMF
 - Suspend Routine Restricted Maintenance
 - Eliminate Mandates
 - Reduction of School Year

1) State running out of cash

2) Lower the 2009-10 Base

Deferrals

Wave after Wave



*** Remember, all of the deferrals are ongoing!**

Status of Stimulus Money

One-time

- CDE Allocation Schedule (April 2009)
 - **June: \$2,565,000,000**
 - **Fall: \$1,110,000,000**
- YCJUSD's June Allocations
 - Received **\$2,400,000**
 - "Check is in Mail" for **\$787,000**
- Doubtful if there is Additional Allocation in the Fall
 - State will likely hijack or delay balance

Offset New State
Cuts:

- \$2.2M in 2008-09
- \$3.2M in 2009-10

Revised 2009-10 Projections

- 2009-10 Deficit (3rd Int Rpt): \$409,000

- Effects of May Revise
 - Cut to Revenue Limit \$3,223,000
 - Cut to H.S. Transportation: \$456,000
 - Increase cost of SPED Transp: \$120,000
 - Miscellaneous/Other \$24,000

- Projected Shortfall: \$4,232,000

2010-11 Projections

○ 2009-10 Deficit	\$4,232,000
● Enrollment Trend	\$190,000
● Misc. Changes in Revenues	\$17,000
● H&W Premium Increase	\$500,000
● Utilities	\$75,000
● Step/Column	\$570,000
● Certificated Furlough	\$239,000
● Classified Furlough	\$53,000
● Misc.	\$69,000
○ Projected Shortfall	\$5,945,000

Financial Summary

Bleak Outlook

- Deficit grows at a rate of \$350,000 per month
- "Bankrupt" in 2009-10

	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
Unrestricted Deficit	\$801,000	\$4,232,000	\$5,945,000	\$6,546,000
Projected Ending Balance	\$4,777,000	\$555,000	\$5,389,000	\$11,935,000
Minimum Reserve	YES	NO	NO	NO

EC 42127 Requires that Districts meet the minimum reserve in CY and 2FYs

Overwhelming Challenge

- Overwhelming Size of On-Going Cuts to Revenue
 - 18% Deficit to Revenue Limit
 - 20% Reduction in State Categorical Funding
 - 65% Cut to H/S Transportation
- Limited financial ability to reduce on-going expense
 - Obligations & Commitments adjusted to February Budget
 - 91% of Budget is People Cost
 - Contracts, Obligations, & Calendar already established
- No time to plan
 - 2009-10 Budget Year Begins in Days
 - Drastic cuts are all controversial

Revised Game Plan

- **Existing Game Plan Not Sufficient**
 - Freeze Hiring
 - Essential Expenditures Only
 - Enhance Revenue
 - Implement More Savings
 - Flexibility Transfers
 - Shift Unrestricted Cost to Categorical
 - Preserve Federal Stimulus Money
 - Backfill to State Cuts
 - Alleviate Cash Flow Crunch
- **Drastic Solutions Necessary**
 - Suspend Tier III Programs
 - Implement Level 2 Cuts

Tier III Programs

<u>Program</u>	<u>07/08 Award</u>	<u>09/10 Est. Award</u>	<u>08/09 Expenditures</u>
Child Oral Health Assessments	\$5,880	\$2,940	\$0
Supp Hourly Programs	\$575,150	\$450,000	\$350,000
CDS Additional hours	\$300,000	\$240,000	\$240,000
Deferred Maintenance	\$404,500	\$349,000	\$231,000
CBET	\$31,687	\$24,000	\$17,500
ADULT ED	\$729,362	\$584,000	\$713,000
School Safety & Violence	\$170,567	\$136,000	\$284,600
Arts/Music Block Grant	\$171,784	\$132,000	\$77,000
CAHSEE	\$115,730	\$79,000	\$50,335
Supp Counseling	\$342,819	\$276,000	\$397,000
GATE	\$89,027	\$67,500	\$71,821
IMFRP	\$745,442	\$539,000	\$552,433
Transportation & TIIG	\$1,086,876	\$572,500	\$1,378,000
PAR	\$43,561	\$32,000	\$5,050
Staff Dev: Math & Reading-Reimb Prgm	\$0	\$75,000	\$0
Administrator Training-Reimb Program	\$9,000	\$0	\$1,066
Pupil Retention Blk Grant	\$30,531	\$24,000	\$24,800
PROF DEV BLK GRANT	\$258,366	\$205,500	\$195,061
School & Libr Improv Blk Grant	\$824,490	\$657,000	\$417,593
	\$5,934,772	\$4,445,440	\$4,996,259

"Level 2" Cuts

Program Suspensions or Eliminations

- Flex Tier III Funds
 - Suspend some programs
- Modify Hourly Programs
 - Suspend Elementary Summer School (2010) and After School Intervention (2009-10)
 - Reduce Secondary Summer School Offerings (2010)
- Change Transportation Services
 - Increase walking distance
 - Consider Elimination
 - Charge for Athletics
- Adjust Thermostat Settings
- Additional Reduction of Site & Department Budgets
 - Sweep EFB
- Suspend Crossing Guards
- Additional Reduction to Management Staff
 - Use Existing Administrative Staff for Administrative Vacancies or Absences
- Increase Employee Contribution to H/W Premium
- Reduce Salaries of All Employees
 - % Reduction
 - Furloughs
- Close/Consolidate Schools
- Suspension of CSR

2010-11

2011-12: Parcel Taxes

Recommendations

- **Recognize** \$4,232,000 Projected Budget Shortfall in 2009-10
 - \$5,945,000 in 2010-11
 - \$6,546,000 in 2011-12
- **Develop** Fiscal Plan to Remedy Shortfall by November 30, 2009 (First Interim Report)
- **Implement** Aggressive Game Plan
 - Near term
 - Long Term