



Budget Advisory Committee Informational Presentation

January 26, 2009



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Assistant Superintendent of Business

Overview

- Purpose
- Basic Budget
- District Budget – Financial Overview
 - Revenue
 - Expense
 - Ending Balance
- Governor’s Proposed Budget
 - Economic Outlook
 - Mid Year Budget Reductions
 - More cuts in 2009-10
- Other Major Obligations
- Summary: Aggregate Cost to be Reduced
- Budget Development Schedule
- What is next for BAC?

Purpose

- To be informed of the various elements that make up the budget.
- To assist in the dissemination of information.
- To provide feedback.
- To assist in the development of recommendations to the Superintendent

School Budget 101

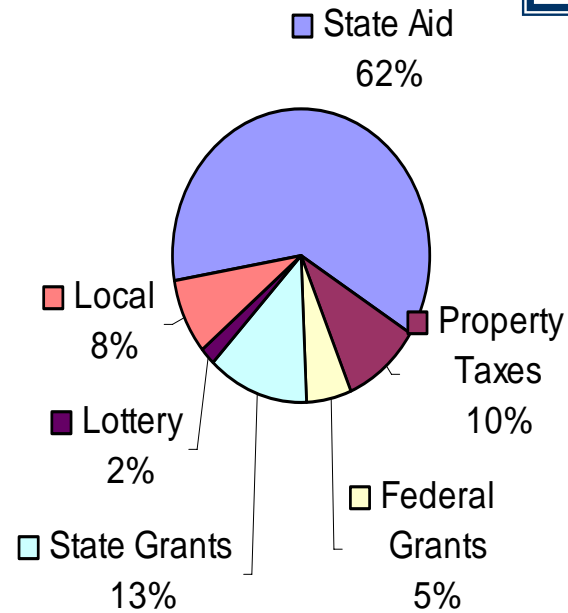
- Budget is anticipated revenues and planned expenditures
 - Programs, priorities, funding source, inflation/COLA, obligations
- \$s that translate to the resources needed to implement the goals and objectives
- Process:
 - Board/Supt develop goals, objectives & priorities
 - Staff develop recommendations
 - Board/Supt considers recommendations
- Board approves budget by June 30

YCJUSD's Mission

commitment to providing a rigorous education that extends the opportunity for all students to achieve success academically, vocationally, and personally. Through a safe and caring environment, students will be prepared to become productive citizens in a democratic society.

Review of Current Year Revenue Projections

State Aid	\$47,572
Property Taxes	\$7,513
Federal Grants	\$4,234
State Grants	\$9,852
Lottery	\$1,493
Local	\$6,389
Total	\$77,053



75% of Revenue comes from the State

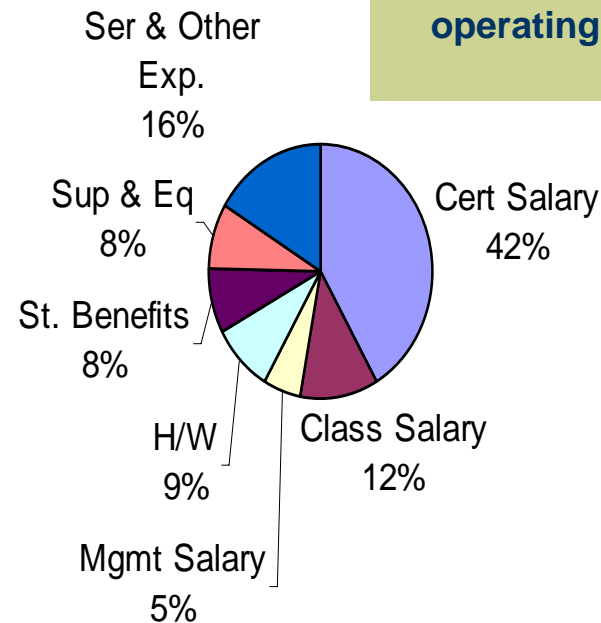
Review of Current Year Expenditure Projection

91% of Unrestricted Budget is Payroll

- Categorical Program Encroachment
- Unrestricted contributions increase as categorical expense escalate & revenue drops
- 8% for other on-going operating expense

General Fund

Cert Salary	\$33,887
Class Salary	\$9,473
Mgmt Salary	\$4,277
H/W	\$7,113
St. Benefits	\$6,763
Sup & Eq	\$6,692
Ser & Other Exp.	\$13,361
Total:	\$81,566



General Fund

Summary of Restricted & Unrestricted

Actual	Beginning Bal.	\$8,412
	Revenue	\$77,053
Budget	Expense	\$81,566
	Excess/Deficit	\$4,513
	Ending Balance	\$3,899

Causes of Deficit

- Site Discretionary
- Categorical Balances
 - Text book adoption
 - Site plan/discretionary
- Other Expenses

Designation of Ending Fund Balance

\$3,899,000

3% Minimum Reserve	\$2,456K
Warehouse Inventory	\$60K
Revolving Cash	\$50K
Vacation Liability	\$243
Turf & Track	\$200K
ADA Fluctuation	\$223
Board Priority	\$290K
.68% COLA	\$377K

3% Minimum Reserve

- 4% of Labor Cost
- 2 weeks of operation

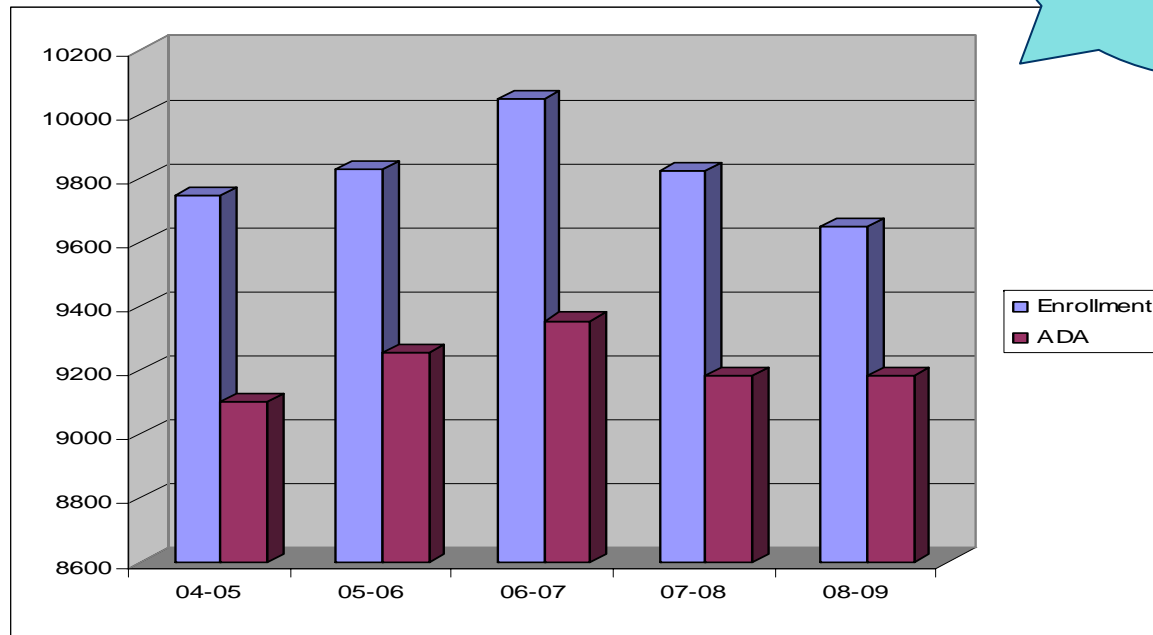


Summary of Other Funds

Fund Description	<u>Adult Ed</u>	<u>Food Service</u>	<u>Defer red Maint</u>	<u>Special Reserve</u>	<u>Retiree Benefit</u>	<u>Capital Facility</u>	<u>State Sch Bldg</u>	<u>Comm Fac Dist</u>	<u>Debt Service</u>	<u>Retiree Incentive</u>
Beginning Balance	\$243	\$1,442	\$770	\$1,040	\$554	\$3,461	\$8,777	\$2,535	\$1,471	\$141
Revenue	\$773	\$3,103	\$894	\$80	\$22	\$618	\$523	\$1,655	\$1,221	\$7
Expense	\$744	\$3,579	\$879	\$1		\$3,905	\$9,008	\$2,607	\$1,466	\$16
Excess/Deficit	\$29	\$476	\$15	\$79	\$22	\$3,287	\$8,485	\$952	\$245	\$9
Ending Balance	\$272	\$966	\$785	\$1,119	\$576	\$174	\$292	\$1,583	\$1,226	\$132

ADA/Enrollment Data

Lower enrollment consistent with county and state trend

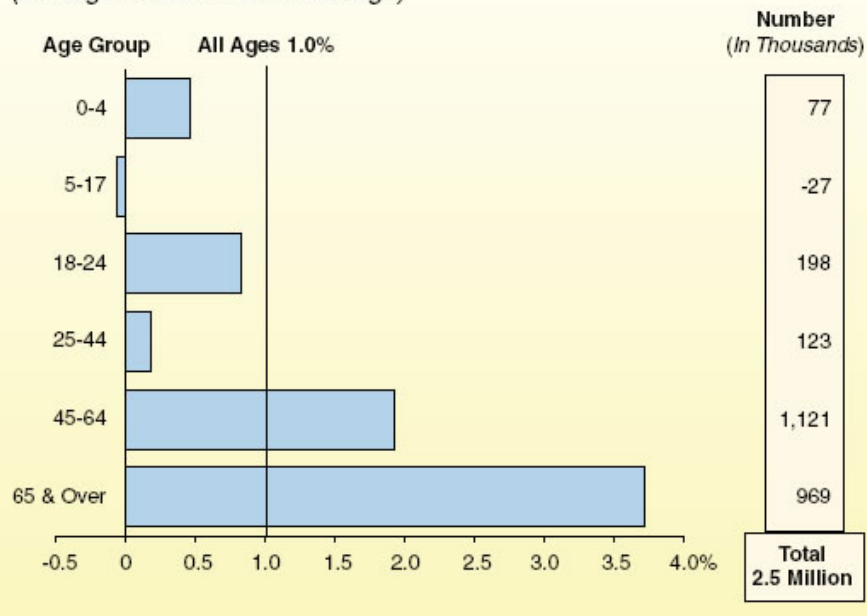


	04-05	05-06	06-07	07-08	08-09
Enrollment	9748	9828	10049	9824	9649
ADA	9102	9256	9354	9180	9181
Ratio	0.934	0.942	0.931	0.934	0.951

LAO Report – Population Trend

Figure 7
California's Population Growth, by Age Group

Population Change—2008 Through 2014
(Average Annual Percent Change)



Misery loves company. We are not alone.

Summary of Governor's Proposed Budget

- Causes of the Bad State Budget
- Highlights of Proposed State Budget
- Net loss to K-12 Education & Impact to YCJUSD



What lead to this crisis?

- **Consequence of Past budgets**
 - State spending exceeded revenues
 - Relied on transfers, debts, and accounting gimmicks
- **Credit Crunch!**
 - Credit provides upfront dollars needed to create capital assets.
 - US economy dependent on capital, credit & labor
- **Housing Slump.**
 - Home sales, especially new homes, promote on-going economic activity
 - Promotes sales of appliances, carpets, furniture, utilities, services, etc.

- Debt/Bond Issuance
- Borrowing from Pension Fund & Transportation Fund
- Other suspensions
- Deferrals

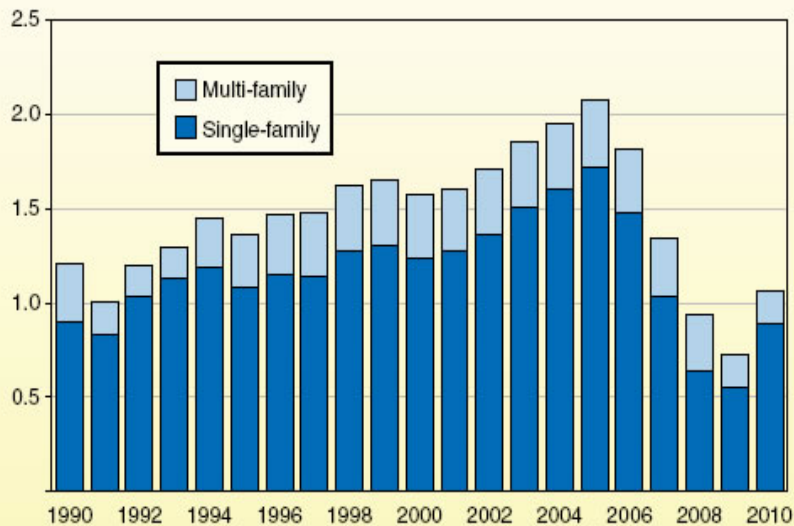


LAO Report – November 2008

Figure 3

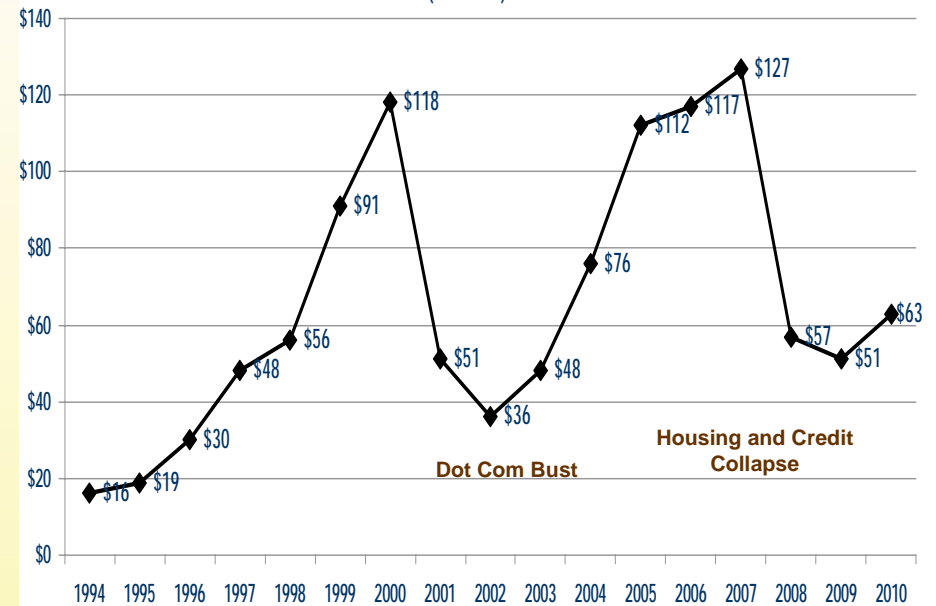
U.S. Housing Starts to Hit New Low

Annual U.S. Housing Starts, in Millions of Units*



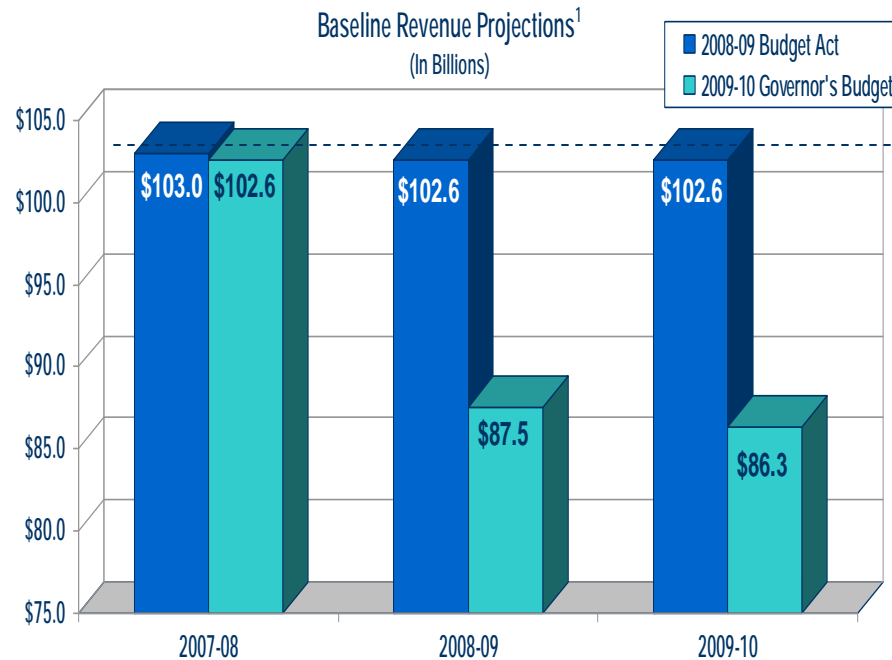
*2008 through 2010 are LAO forecasts.

Capital Gains Income
(In Billions)



Plummeting State Revenues

This Road leads to Insolvency



Expense
Level

¹ Excludes new tax proposals
Source: 2009-10 Governor's Budget





Governor's Proposed Solutions

Target Cut in Current Year

- Rescind .68% COLA
\$377K to YCJUSD
- Reduce K-12 Revenue Limit by 4.5%
\$2,567K to YCJUSD
- Reduce CalWorks
- Reduce Child Care and Preschool
- Reallocate funds from Public & Mass Transportation Fund
- Postpone April Apportionments to July
Approximately \$2.5M reduction to cash

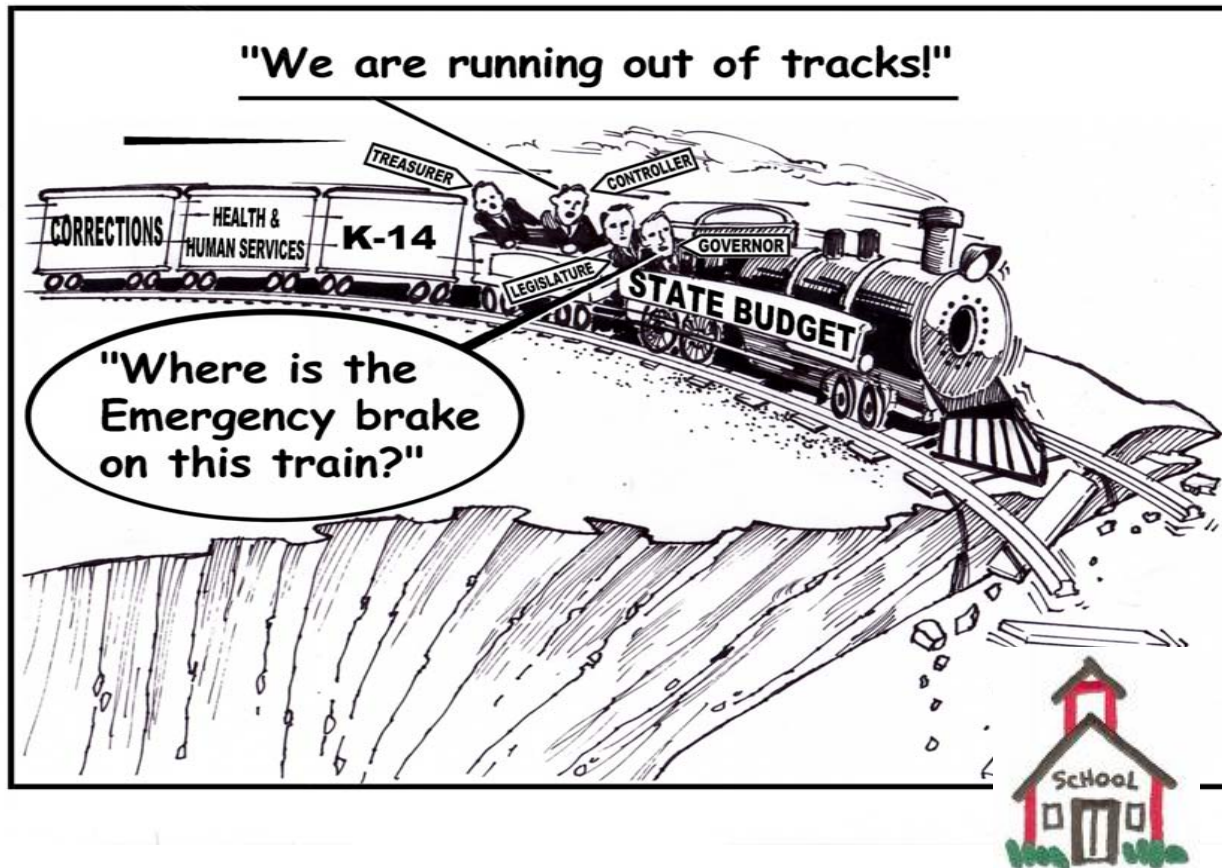
Target Cut in 2009-10

- Reduce K-12 Revenue Limit by 2.8%
\$1,456K to YCJUSD
- Reduce Public & Mass Transp Fund
- Continue Suspension of Mandated Reimbursements

Proposed Solution/Flexibility

- Eliminate Deferred Maintenance Match
- Utilize State Categorical Funds
- Reduce Restricted Maintenance contribution to 1%
- Reduce minimum reserve by 50%

Financial Crash and Insolvency

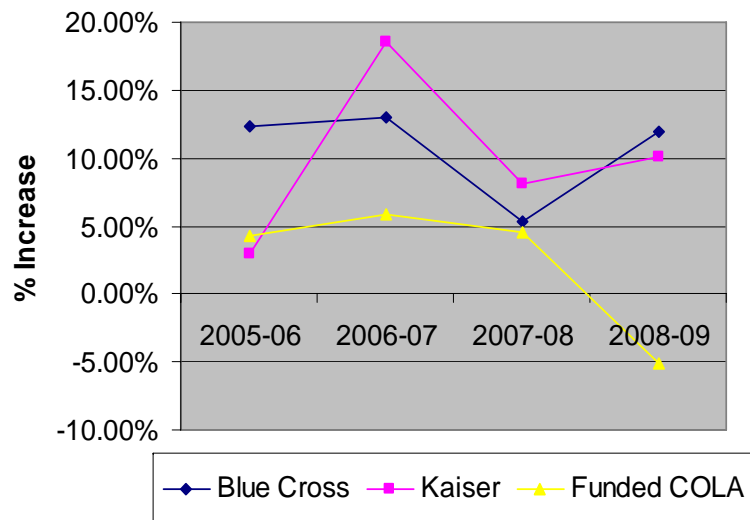


YCJUSD's Other Major Obligations

2008-09

\$480K to fund 12% Increase in Health & Welfare Premium

Funded State COLA vs. H/W Rate Increase



2009-10 Anticipated Major Impact to Budget

- Lower Enrollment -- \$889K
- Salary Schedule Advancements - \$790K
- Increase in Medical Premium -- \$900K

Other Major Obligations Anticipated

- Workers Compensation Rate Increase
- Unemployment Rate Increase
- Transportation contract up for renewal
- Utility rate hikes
- Lottery Revenue down

Revenue down/Expense Up

Revenue is dropping faster than ability to reduce expense

Summary

- 75% of District's Revenue come from the State
 - When economy falters, state revenue falls
 - District revenue is reduced when state revenue falls
- 91% of Unrestricted Budget is Salary & Benefits
- Declining revenues and skyrocketing expense necessitate cuts

Current Year

Governor's Proposed Cuts	\$2,944K
Increase in H/W Premium	\$480K
Total	\$3,424K

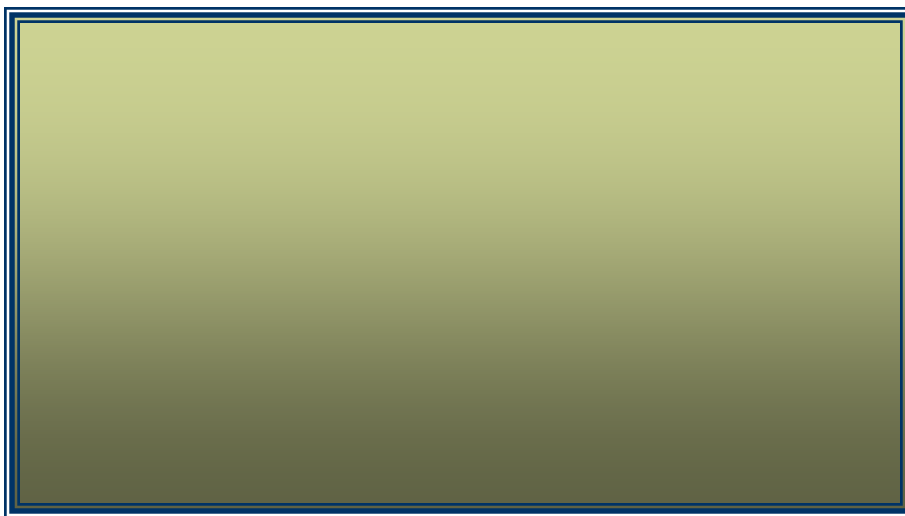
2009-10

Governor's Proposed Cuts	\$1,456K
Cut in State Aid due to decline in enrollment	\$889K
Step/Column Cost	\$790K
Increase in H/W Premium	\$900K
Total	\$4,034K

Possible Relief from the Feds

Highlights from \$550B Stimulus Plan

- \$13B Increase to IDEA
- \$13B Increase to Title I
- \$14B School Renovation & Construction



Budget Development Process & Timeline

- **February** **School Board Considers Options**
- **February/March** **Finalize Staffing Adjustments**
- **March** **Report on 2nd Interim Report**
- **April – May** **Prepare Budget**
 - **May** **Governor Releases May Revise**
- **June** **Public Hearing on Budget**
- **July 1 – Due to SBCSS**

What is next for BAC?

Financial Condition has Changed

1. Do we change the purpose of committee?
2. Do we continue to meet to receive report & information?
3. Do we continue to meet to provide input and priorities for budget reduction?
4. Do we suspend the BAC until Financial Climate change?
5. Any other suggestions?