



Financial Outlook



June 14, 2011



Transportation Survey

Displaced YES students

- YES attendance area split into VES & WES
- Distributed 400 survey forms
 - Incoming K students not surveyed
- Received 162 respondents
 - 79 to VES
 - 67 to WES
 - 16 to other

Overview

Financial Outlook

Purpose: to discuss two budget scenarios

- Review of Reductions Implemented
 - Causes of Imbalance
- May Revise -- Two Scenarios
 - With cut of \$349/ADA
 - Without cut – “Flat Funded”
- Cause for Pessimism
 - State of the State’s Budget
 - The Economy
 - Cash

Causes of Imbalance

- Enrollment Trend *(1% = \$450,000)*
- Medical Premium *(1% = \$67,000)*
- Salary Advancements *(\$500,000/yr)*
- Improve Reserve *(1% = \$700,000)*
- Expiration of Concessions *(\$1,000,000)*
- Exhaustion of Jobs Bill *(\$1,600,000)*
- State Cuts

Difficult Solutions

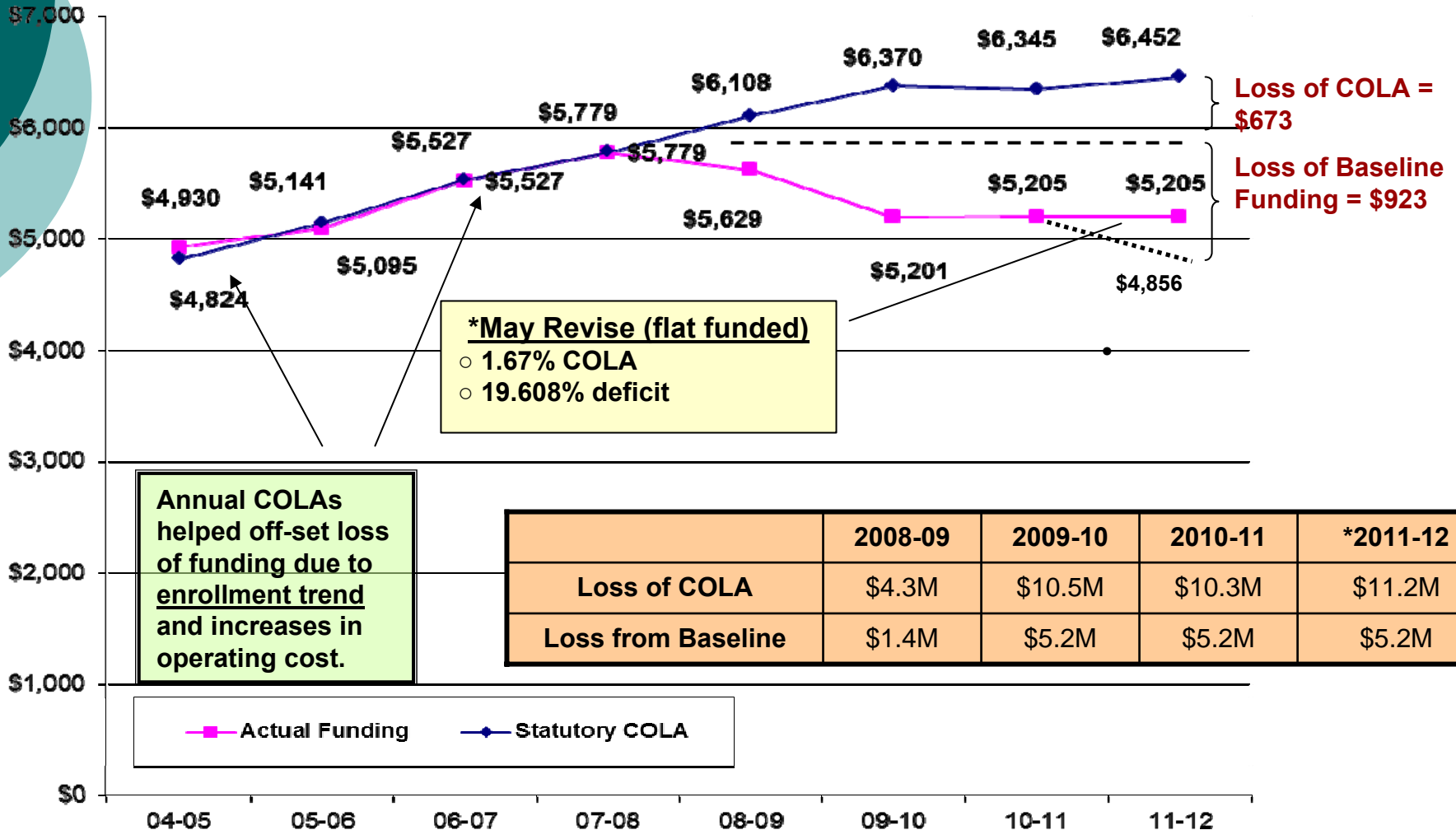
Review of Reductions Implemented

- Tier III Transfers
- Elimination of Programs or Services:
 - GATE
 - Transportation
 - Crossing Guards
- Closed Schools
- Furloughs & RIFs
- One-time Sources
 - Reserve
 - Federal Stimulus
 - Maintenance
 - Tier III Ending Balance
- Stopped Contributions to Maintenance
- Reduction of Services
 - K-3 CSR
 - Summer School
 - Adult Education
 - SRO
 - Library
 - Counseling
 - Instructional Year
- Forego Improvements
 - Technology
 - New Textbooks
 - Infrastructure
- Reduced Site and Department Budgets

\$23,000,000 in on-going and one-time solutions

May Revise

Flat Funded or Not?



Annual COLAs helped off-set loss of funding due to enrollment trend and increases in operating cost.

	2008-09	2009-10	2010-11	*2011-12
Loss of COLA	\$4.3M	\$10.5M	\$10.3M	\$11.2M
Loss from Baseline	\$1.4M	\$5.2M	\$5.2M	\$5.2M

—■— Actual Funding —◆— Statutory COLA



Flat Funded or Not?

Impact of each scenario

- With cut of \$349/ADA
 - \$3,100,000 cut
 - Incorporated in YCJUSD's 2011-12 Budget

OR

- Without
 - \$2,700,000 net savings

With cut of \$349/ADA

Multi-Year Outlook

	2011-12	2012-13	2013-14
Deficit	(\$2,506,000)	(\$6,074,000)	(\$9,325,000)
Ending Balance	\$942,000	(\$5,131,000)	(\$14,456,000)
Minimum Reserve Required	1%	2% or progress	3%
Minimum Met?	Yes	No	No
\$ Needed to Meet Reserve	\$0	\$6,449,000	\$16,502,000

- 2011-12 deficit off-set by funds reserved from the October Budget
- Assumptions: “flat revenue” continues and imbalance unmitigated
- Unremedied problems compound
- Necessary to develop budget reduction plans to prevent insolvency in 2012-13
- YCJUSD maintains Qualified Financial Certification

Without Cut of \$349/ADA

Multi-Year Outlook

	2011-12	2012-13	2013-14
Deficit	(\$257,000)	(\$3,388,000)	(\$6,707,000)
Ending Balance	\$4,585,000	\$1,198,000	(\$5,509,000)
Minimum Reserve Required	1%	2% or progress	3%
Minimum Met?	Yes	No	No
\$ Needed to Meet Reserve	\$0	\$120,000	\$7,555,000

- Assumptions: “flat revenue” continues and imbalance continues
- Preservation of ending balance in CY & BY needed to maintain stability
- Removal of cut buys time
 - To develop budget reduction plan
 - For the economy and State Budget to improve
- Causes of imbalance catches up in 2013-14
 - Necessary to develop budget reduction plans to prevent insolvency in 2013-14
 - YCJUSD maintains Qualified Financial Certification

Economic Conditions

To be Pessimistic or to not be Optimistic?

- Economic growth is fragile at best
 - Manufacturing remains flat
 - Housing price at 9 year low
 - Fuel price fluctuates
 - Unemployment remains 9% nationwide and around 12% in California
 - Dow Jones Industrial Avg. on 6 week losing streak
- State Budget depends on passage of Temp Taxes to Plug \$10.8B deficit
 - K-12 Education's share is approximately \$2.5B
 - \$6.6B unanticipated revenue may be one-time
- Federal debt continues to increase--\$15T
 - 15% Title II reduction

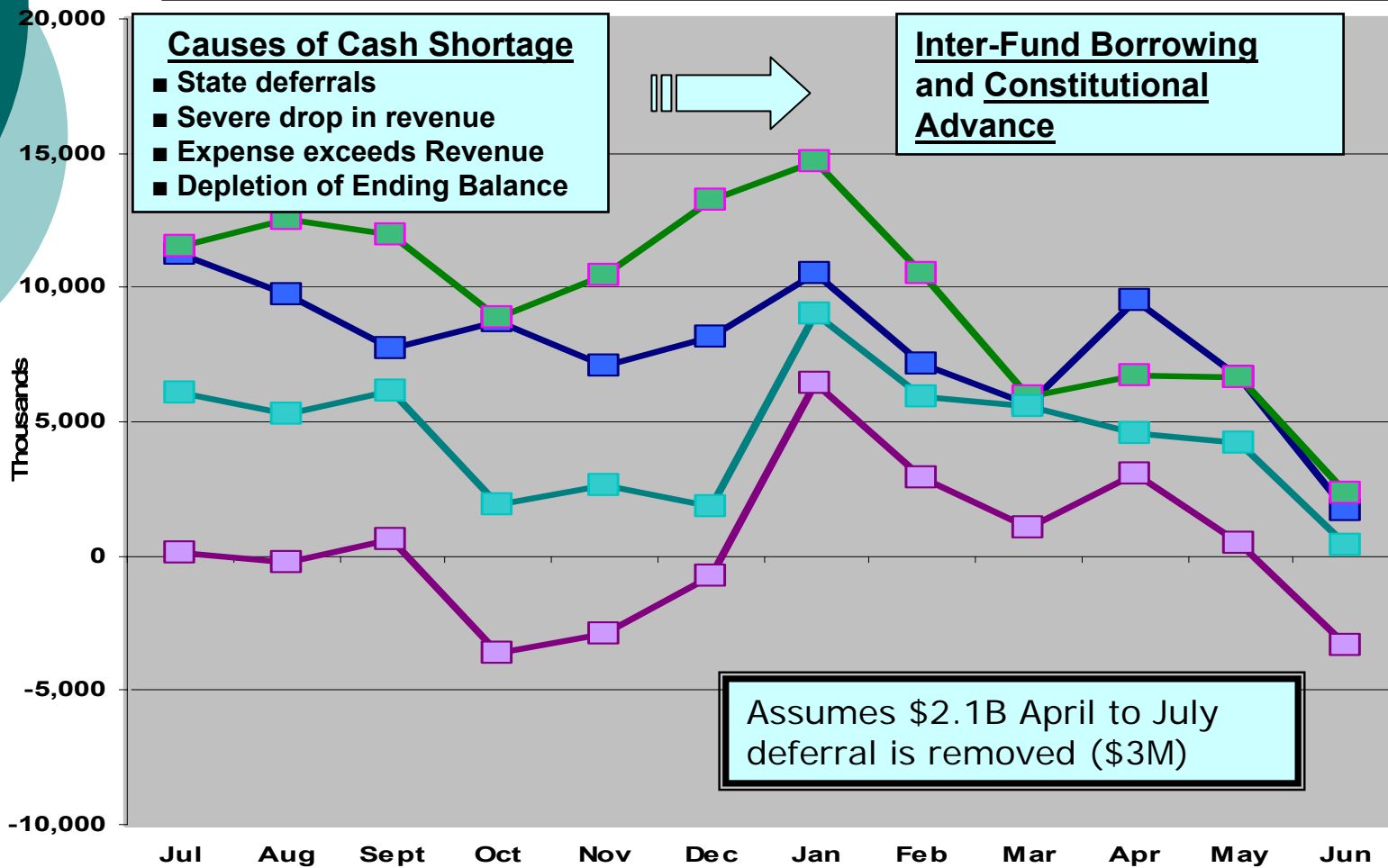
Title I

<u>Revenue</u>		<u>Expense</u>	
2011-12 Allocation	\$1,388,481	2011-12 Allocation to Sites	\$465,375
2010-11 Carry over	\$500,000	Transfer to Sites from 2010-11 Carry over	\$350,000
		SES & Transportation	\$165,000
		Other Expenses	\$661,619
Total	\$1,888,481	Total	\$1,641,994

Balance: \$246,487

***Remaining Balance of Required 20%
Set-aside: \$133,079***

Cash Flow



Summary

Economy & State Budget Tenuous

- Causes of imbalance persistent
- Sunset one-time solutions
- Funded at 80¢ on dollar (19.608% deficit)
 - No COLA in 4 years
- Economic recovery is fragile
- State Budget in flux -- "all cut" budget realistic
 - Balanced Budget dependent on passage of temp taxes
 - Shift of Mental Health Services
 - Reduce prison population
- Cash balance is critical
 - Continuation of State deferrals
- With \$349/ADA cut – develop cuts for 2012-13
- Without \$349/ADA cut – develop cuts for 2013-14

Recommendations

- Improve enrollment trend
 - Outreach to preschools & community
 - Specialized focus areas
 - Enrichment programs
- **Hang on** to Ending Balance
 - Improve Reserve to provide stability
 - Strive for Positive Financial Certification
 - Spend on one-time expenses
 - Infrastructure
 - Technology improvements
 - Books



Questions & Discussion

- Thoughts
- Inputs
- Ideas