

### 2011-12 Budget Update

June 28, 2011

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#### Tonight's Agenda

- 1. State Budget Update
- 2. SAUSD's 2011–12 Adopted Budget
- 3. Next Steps





### **Executive Summary**

- Legislative democrats and Governor have created a budget plan that will likely be passed by a party-line vote
  - Plan assumes an additional \$4 billion in State Revenues
  - K-12 Education budget under Prop 98 has small adjustments
    - 'Realignment' of 1% of State Sales Tax reduces Prop 98 guarantee
  - If revenues do not materialize mid-year cuts to education will be triggered
    - If the State receives less than \$2 billion of the revenue a reduction of up to 7
      additional instructional days (168 days) would be allowed to address a cut of \$1.5
      billion to Education
- Expect the 2012–13 budget challenge to be more difficult than fiscal 2011–12
  - Federal ARRA funds have been utilized
  - \$32.0 million in reductions are needed
    - This is AFTER utilizing Fund 17 reserves
  - 166 days remaining until ongoing reductions must be identified



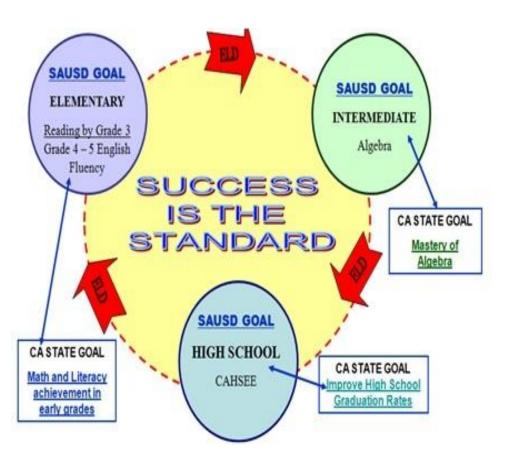
# SAUSD's 2011–12 Adopted Budget





## Board Budget Development Priorities

#### **Board Priorities 2011–12 through 2015–16**



- Ensure fiscal solvency (legally required)
- Preserve staff
  - Continue to provide Elementary support staff
- Maintain integrity of programs
  - Continue to protect services to the most vulnerable students
- Find other ways to reduce expenditures
- School Safety
- Maintain athletics and music programs
- Reduced class sizes in grades 1 & 2
- Maintain 180 day instructional calendar



#### June 14, 2011 2011–12 Adopted Budget

**Drainction** 

- 2011-12 numbers shown as part of the Adopted Budget will undoubtedly change as:
  - Additional Budget details are released
  - 2011-12 Budget development incorporates detailed review of positions, expenditures & programs while 2011-12 projections from the Third Interim are developed via a macro approach.

Projection in million dollars	2011-12 Adopted Budget
Beginning Fund Balance (a)	\$ 85.3
Add: Revenues (b)	\$457.8
Less: Expenditures (including Budget Reductions) (c)	\$486.5
Deficit Spending (d) = (b) - (c)	(\$28.6)
Ending Fund Balance (a) + (d)	\$ 56.6
Non-spendable: Revolving Cash/ Stores / Prepaid Exp.	\$3.0
Restricted:	
- Desig. For Restricted Fund Balance	\$5.6
Committed: Stabilization Arrangements	\$15.0
Assigned:	
- Future State cuts (if tax extensions do not pass)	\$17.2
- Desig. for Unrestricted Reserve	\$5.9
Unassigned/Unappropriated:	
- Desig. for Economic Uncertainties	\$9.9
	2.0%

Mitigation for potential mid year cuts



## 2012–13 Budget Reductions

- <\$32.0 million> in reductions must be identified by December 13, 2011
- This target is <u>AFTER</u> one-time reserves from Fund 17 are committed
- One-time solutions used in 2009–10, 2010–11 and 2011-12 are exhausted
- Real <u>ongoing reductions</u> will need to be identified in the next 6 months for 2012–13



## OCDE Required Unified School District 2012-13 Reductions

#### No Change in 2012-13 Budget Targets based upon current Governor's May Revision

\$ in millions

	Description of Reduction	Proposed Amount of Reduction/ Increase	Reductions Required
	New Reductions required for 2012-13		\$30.5
	10-11 Base Revenue Limit ( <b>one-time</b> from 2011-12)	\$13.8	\$44.3
	Jobs Bills (one-time from 2011-12)	\$8.3	<b>\$52.6</b>
<u> </u>	Tier III (one-time from 2011-12)	\$5.5	\$58.1
	CSR Penalty Flexibility continues	\$11.0	\$47.1
	One-time Utilization of District Reserve funds (Fund 17)	\$13.5	\$33.6
	Revised enrollment projection adjustment	\$1.6	\$32.0



#### Next Steps - Budget

Days
Remaining to
Identify 2012–
13 Reductions

166



Date	Event or Activity
On-going until Settled	Negotiations with our certificated & classified associations (SAEA & CSEA respectively) for <b>ongoing reductions</b>
July 26 August 23	Board Meetings
December 13, 2011	Approval of 2012 -13 Budget Reduction Measures

## CURRENT REDUCTION TARGET \$32.0 Million