

# Budget Update: Timeline, Status, & Carryover

Board of Education Meeting  
October 27, 2009



# Agenda

- Update on State Budget Assumptions
- Review of Multi-Year Projection Assumptions
- Budget Development Principles
- Budget Development Timeline: 2010-11
- 2008-09 Carryover

# State Budget Assumptions:

## Changes since July 2009 adoption

- **Tax revenues continue to miss projections:** Since July, the General Fund is short \$1.9 billion in revenues; primarily from shortfalls in personal income and sales tax
- **Governor's prison plan rejected:** Last week, courts struck down a plan to release 54,000 prisoners from correctional facilities in order to save \$1.7 billion.
- **Other cost savings challenged in court:** The sale of the state worker's compensation fund and the shift of redevelopment funds to schools are both facing challenges in court. Combined these solutions were anticipated to net \$3.5 billion in budget savings.
- **One-time solutions:** The Legislature assumed \$7.5 billion in one-time revenue to be available for 2009-10. This will have to be replaced for 2010-11 or additional cuts will be necessary.

# Multi-Year Budget Projections: Review of Assumptions

When the Board passed the 2009-10 adoption budget, the District made several assumptions about budgetary reductions in future years to meet its financial obligations for 2010-11 and 2011-12. Listed below are a list of those assumptions:

- Use of federal stimulus monies (one-time revenue) to fund compensation for employees;
- Elimination of the K-3 class size reduction (CSR) program (\$13 million);
- Elimination of home-to-school transportation program (\$3.9 million);
- Elimination of summer school program (\$1.0 million);

# Multi-Year Budget Projections

## Review of Assumptions (cont.)

- Reduction in routine restricted maintenance (RRM) (\$2.1 million);
- Elimination of 2009-10 ARRA funded positions (counselors, assistant principals, library media assistants) (\$6.9 million);
- One time shift of Unrestricted funded positions to remaining ARRA funds (\$7.2 million);
- Other various one time reductions (\$6.5 million)
  - Adjustments for declining enrollment,
  - Indirect cost reductions,
  - Across the district supply budget reductions, etc.

# Multi-Year Budget Projections: Preparing for 2010-11 Budget Cycle

Since these assumptions were developed, several events have changed the District's budget outlook. This includes:

- **New state budget:** Legislators and the Governor passed a temporarily balanced budget that impacted school districts.
- **Unanticipated changes in 2009-10 budget:** Expenses were added back into the budget that were not accounted for in the June 2009 adoption budget.
- **Final approval on MYP assumptions:** The Board will have to accept/change these assumptions for inclusion in 2010-11 budget.

Accounting for these changes and no additional budget reductions from the State, the District faces a budget deficit of **\$20.1 million for the 2010-11 fiscal year.**

# Budget Development Principles

- 1. Transparency:** Through the process of “opening the books” the District will be able to educate the Board and community about critical aspects of the budget.
- 2. Collaboration:** In such difficult budget times, the necessity for diverse stakeholder feedback on what is most critical to student learning is vital
- 3. Timely and Accurate:** Budgets are evolving documents with rapidly changing assumptions – particularly in this economic and fiscal climate. The District will offer information when it is credible and as soon as possible to the Board and community.

# Budget Development Timeline:

## Major Events in *November 2009* for 2010–11 budget

The District will engage the Board and community in a **study session** dedicated to the District's budget. Some of the major topics include:

- Overview of all funds, resources, and major objects,
- Review of District revenue including how they are generated, unrestricted versus restricted,
- Review of the District's expenditures including a breakdown by major object, location, and program,
- Update on the State's economic and fiscal situation,
- Accounting of all federal stimulus monies including allocations, current expenditures to date, ending balances.



# Budget Development Timeline:

## Major Events in *November 2009* for 2010–11 budget

District is establishing **advisory committees** for the budget that include:

- Forum for principals, certificated/classified staff, parents, unions, and other community members to offer their ideas about what investments the District should make in 2010-11.
- The committee will have periodic meetings throughout the budget development process to provide valued input.

# Budget Development Timeline:

## Major Events in *December 2009* for 2010–11 budget

- **1<sup>st</sup> Interim Financial Report** – The District will update the Board on the 2009-10 budget which includes explanation of changes since the adoption budget and a multi-year projection that must be balanced for the current and two subsequent years.
- **Board of Education meeting budget update** – This presentation includes a discussion of the recommended program priorities for the remainder of the 2009-10 school year and also for the forthcoming 2010-11 year.

# Budget Development Timeline:

## Major Events in *January 2010* for 2010–11 budget

- **Governor's January Budget Proposal** – Considered one of the major benchmarks for school districts to begin building their budget for the upcoming fiscal year, the Governor announces his proposal for the State budget.
- **School and supporting department budget allocations** – In an effort to ensure the District takes the appropriate action in a timely fashion, schools and supporting departments will receive allocations to build their budget for the coming fiscal year.

# Budget Development Timeline:

Major Events in *February 2010* for 2010–11 budget

- **Schools and supporting department budgets submitted** – Budgets and plans for individual school site or supporting departments will be due in time to incorporate appropriate certificated staffing reductions and 'particular kinds of service' (PKS) (if any).
- **Review and recommend programs for elimination**  
If necessary, the District will review and recommend to the Board of Education and community 'particular kinds of service' (PKS) and certificated staffing reductions to be eliminated for the 2010-11 fiscal year.

# Budget Development Timeline:

## Major Events in *March 2010* for 2010–11 budget

- **2<sup>nd</sup> Interim Financial Report** – The District will update the Board on the 2009-10 budget which includes explanation of changes since the 1<sup>st</sup> interim reporting period and a multi-year projection that must be balanced for the current and two subsequent years.
- **Review and recommendation of classified layoff notices** – If necessary, the District will review and recommend to the Board of Education and community ‘particular kinds of service’ (PKS) for classified staff to be eliminated for the 2010-11 fiscal year.

# 2008-09 Carryover Process:

## Overview

**Based on 2008-09 unaudited actuals the District has \$50.7 million in carryover funds. Due to the current fiscal climate however, \$33.3 million were specifically designated to be used in future years (2009-10, 2010-11, etc.).**

- Remaining carryover has been designated either for schools or Central Office departments.
- Schools will receive their allocations this week with additional dollars loaded by the end of the week.
- Central Office departments will receive allocations within the next week.
- Carryover allocations are *one-time* and *highly restrictive*.

# Thank You.

## QUESTIONS?