



2009-10 Budget Adoption
June 18, 2009

Overview of the State Budget

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- This just in – this is a terrible Budget year!
 - State revenues have fallen dramatically
 - Expenditures continue to rise on the natural
 - Borrowing has been more difficult and more expensive than ever before
 - California continues to lose jobs
 - More people demand social services – that won't be available – during a downturn
- There is no way to "trim around the edges" and not deal with the realities of the imbalance between state revenues and the cost of public services
- That said, we do not want and should not have more cuts to education
 - Nevertheless, there are more cuts to education



Overview of the State Budget

- **Proposition 98 has been on a rollercoaster ride**
 - **Cuts to the revenue limit**
 - **Cuts to categoricals**
 - **Flexibility within remaining categorical funding**
 - **Withdrawal of Public Transportation Funds with no backfill**
 - **Addition of one-time federal funds**
- **What does it all mean?**
 - **Less of everything for California's children**
 - **Coupled with cuts to health and welfare programs, the most vulnerable Californians – mostly children – are in for a very tough year**



May Revision Features

- Since February, projected state revenue declined by \$24.3 billion
- No suspension of Proposition 98 – not needed as funding floor has dropped
- No cost-of-living adjustment (COLA)
- May special election proposals appear to be dead
- More cuts to K-12 – \$3.9 billion – between the February Budget and the May Revision
- Some additional flexibility anticipated, but not yet approved
- Even more funding deferred – placing an even greater burden on cash flow

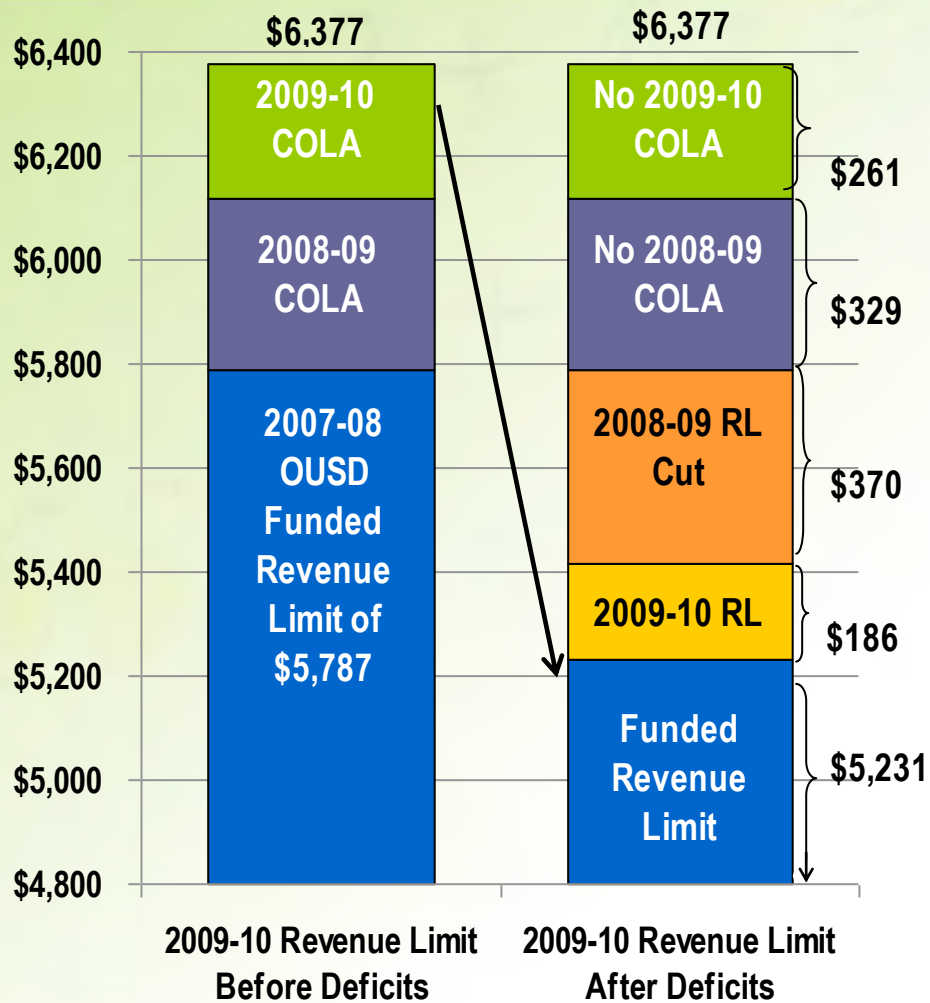


2009-10 Deficit Applied

- Apply 2009-10 deficit factor of 17.967% to your undeficit 2009-10 RL per ADA

OUSD Revenue Limit

Funded RL
 = \$6,377 x (1.0 - 0.17967)
 = \$6,377 x 0.82033
 = \$5,231
 = \$1,146/ADA
 = **(\$30,900,744) Loss**



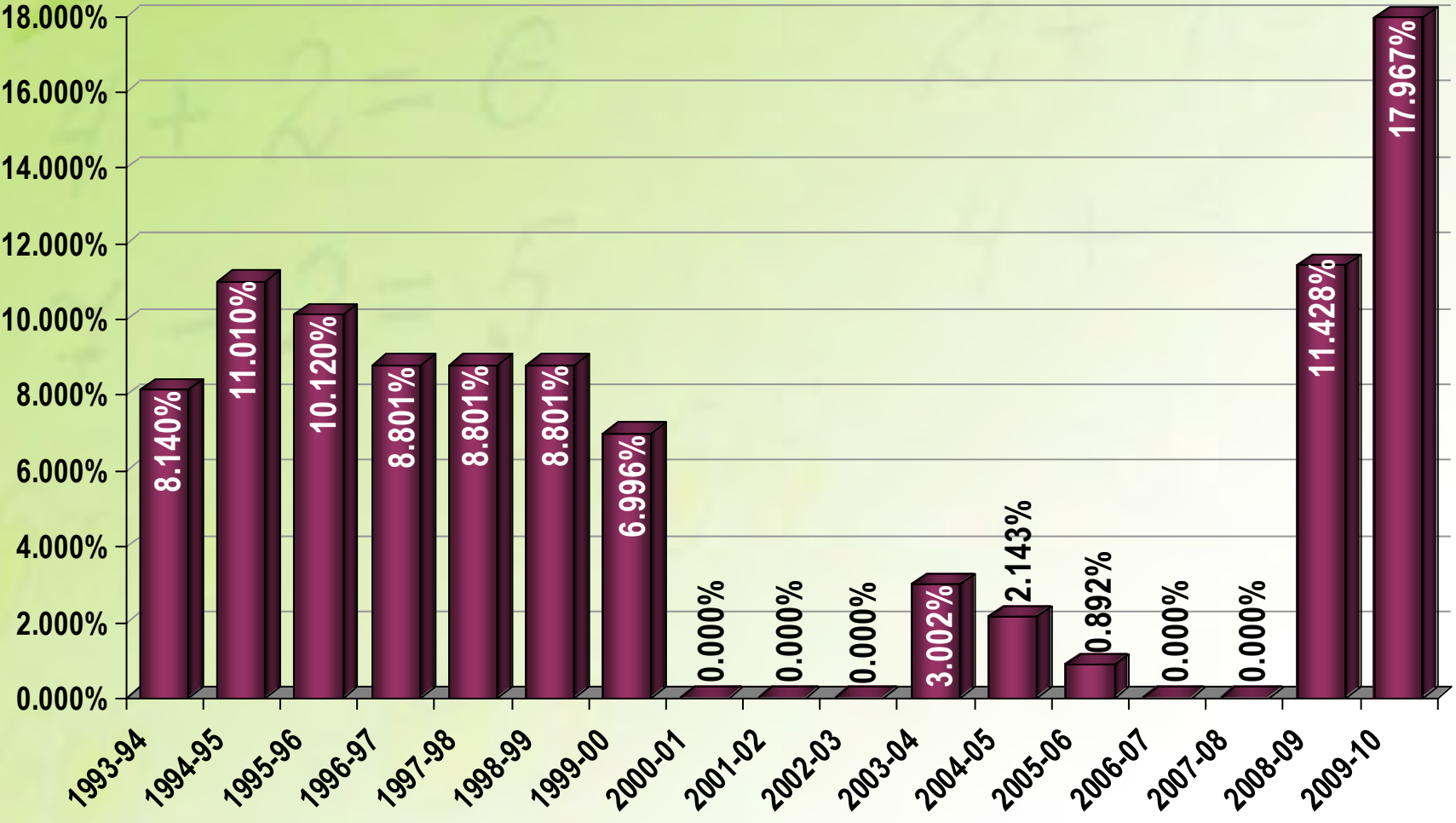
Revenue Limit Impact of Governor's May Revise to OUSD

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	<u>2009-10</u> COLA 4.25%	<u>2010-11</u> COLA .90%	<u>2011-12</u> COLA 2.40%
Prior Year Base Revenue Limit	\$6,116	6,377	6,434
COLA	261	57	154
Current Year Base Revenue Limit	<u>6,377</u>	<u>6,434</u>	<u>6,588</u>
Projected Funded Revenue Limit	(5,231)	(5,278)	(5,404)
Current Year Base Revenue Limit	<u>6,377</u>	<u>6,434</u>	<u>6,588</u>
Loss in Funding/ADA	(1,146)	(1,156)	(1,184)
Projected ADA	<u>26,964</u>	<u>26,938</u>	<u>26,938</u>
Projected Loss in Funding Due to Deficit	(30,900,744)	(31,140,328)	(31,894,592)

Revenue Limit Deficit Factor



2009-10 Budget Assumptions

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● Assumptions Included in the Budget

- Average Daily Attendance Rate: 96.387%
- Average Daily Attendance (ADA): 26,964
- COLA: 4.25%
- Deficit Reduction: 12.447% = \$794/ADA
- Additional Reduction in Revenue Limit \$244/ADA
- Negotiable Items Implemented (Level 3 Reductions) July 1st 2009
- Salary Includes Step and Column Increases
- No Increase in Health and Welfare Benefit Caps

● Additional Assumptions Post June 1 (Not Included in the Budget)

- Additional Revenue Limit Reduction: \$108/ADA
- State Fiscal Stabilization Funds: \$7.2 million (One Time Money)
- Additional SFSF Categorical Funds: \$2.2 million (One Time Money)
- New Deficit Reduction: 17.967% = \$1,146/ADA

● Revision of the 2009-10 State Budget

- Unknown

Multi-year Projection Pre June 1

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	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
Revenues	\$215,111,377	\$214,915,914	\$218,791,210
Expenditures	<u>227,109,589</u>	<u>226,179,133</u>	<u>229,641,200</u>
Inc./(Dec.) in Fund Balance	(\$11,998,212)	(\$11,263,219)	(\$10,849,990)
Beginning Fund Balance	<u>20,487,924</u>	<u>8,489,712</u>	<u>(\$2,773,507)</u>
Ending Balance	\$8,489,712	(\$2,773,507)	(\$13,623,497)
Less: Restricted Reserves	<u>(8,144,415)</u>	<u>(7,516,501)</u>	<u>(7,620,363)</u>
Unrestricted Balance	\$345,297	(\$10,290,008)	(\$21,243,860)

2009-10 Multi-year Projection Post June 1







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	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
Revenues	\$215,111,377	\$214,915,914	\$218,791,210
● Add: SFSF	7,238,737	0	0
● Add: SFSF - Categorical	2,221,020	0	0
● Deduct: More State Reduction-108/ADA	<u>(2,912,112)</u>	<u>(2,912,112)</u>	<u>(2,912,112)</u>
Revenues as Adjusted	<u>221,659,022</u>	<u>212,003,802</u>	<u>215,879,098</u>
Expenditures	227,109,589	226,179,133	229,641,200
● Add-back Level 3 Cuts – In Process	<u>7,134,800</u>	<u>7,134,800</u>	<u>7,134,800</u>
Expenditures as Adjusted	<u>234,244,389</u>	<u>233,313,933</u>	<u>236,776,000</u>
Inc./(Dec.) in Fund Balance	<u>(\$12,585,367)</u>	<u>(\$21,310,131)</u>	<u>(\$20,896,902)</u>
Beginning Fund Balance	<u>20,487,924</u>	<u>7,902,557</u>	<u>(\$13,407,574)</u>
Ending Balance	\$7,902,557	<u>(\$13,407,574)</u>	<u>(\$34,304,476)</u>
Less: Restricted Reserves	<u>(8,358,459)</u>	<u>(7,730,545)</u>	<u>(7,834,407)</u>
Unrestricted Balance	<u>(\$455,902)</u>	<u>(\$21,138,119)</u>	<u>(\$42,138,883)</u>

Level 3 – Negotiable Reductions for 2009-10 and Ongoing



		Approved Reductions	Revised Reductions
● Reduce the Number of Work Days and Hours		340,077	225,077
● Revise Elementary LMT Staffing Formula		179,083	179,083
● Eliminate 3 ½ Hour Middle School Xerox Clerks		34,800	34,800
● Eliminate 4 High School Counselors		300,000	300,000
● Reduce the Total Number of Work Days by One (1) Day		800,000	800,000
● Reduce All Salaries by 3.75%		6,000,000	6,000,000
● TOTAL LEVEL 3		\$7,653,960	\$7,538,960

2009-10 Multi-year Projection Post June 1

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2009-10 Multi-year Projection Post June 1 With 2% Rollback

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Revenues	\$215,111,377	\$214,915,914	\$218,791,210
●Add: SFSF	7,238,737	0	0
●Add: SFSF - Categorical	2,221,020	0	0
●Deduct: More State Reduction-108/ADA	<u>(2,912,112)</u>	<u>(2,912,112)</u>	<u>(2,912,112)</u>
Revenues as Adjusted	<u>221,659,022</u>	<u>212,003,802</u>	<u>215,879,098</u>
Expenditures	227,109,589	226,179,133	229,641,200
●Add: 3.75% Rollback/One Furlough Day	6,800,000	6,800,000	6,800,000
●Deduct: Proposed 2% Salary Rollback	<u>(3,200,000)</u>	<u>(3,200,000)</u>	<u>(3,200,000)</u>
Expenditures as Adjusted	<u>230,709,589</u>	<u>229,779,133</u>	<u>233,241,200</u>
Inc./(Dec.) in Fund Balance	<u>(\$9,050,567)</u>	<u>(\$17,775,331)</u>	<u>(\$17,362,102)</u>
Beginning Fund Balance	<u>20,487,924</u>	<u>11,437,357</u>	<u>(\$6,337,974)</u>
Ending Balance	\$11,437,357	<u>(\$6,337,974)</u>	<u>(\$23,700,076)</u>
Less: Restricted Reserves	<u>(8,252,415)</u>	<u>(7,624,501)</u>	<u>(7,728,363)</u>
Unrestricted Balance	\$3,184,942	<u>(\$13,962,475)</u>	<u>(\$31,428,439)</u>



What's Next?

- **Unknown – Revision of the 2009-10 State Adopted Budget**
- **Sept. 10, 2009 – 2008-09 Unaudited Actuals/2009-10 Final Revised Budget**
- **Dec. 10, 2009 - First Interim Report with Identified Reductions**
- **Any additional flexibility, if it comes at all, will be difficult to implement**

2009-10 General Fund Budget With Two Year Projection

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