

Budget Update & Proposed Restorations

Board Meeting
August 4, 2011

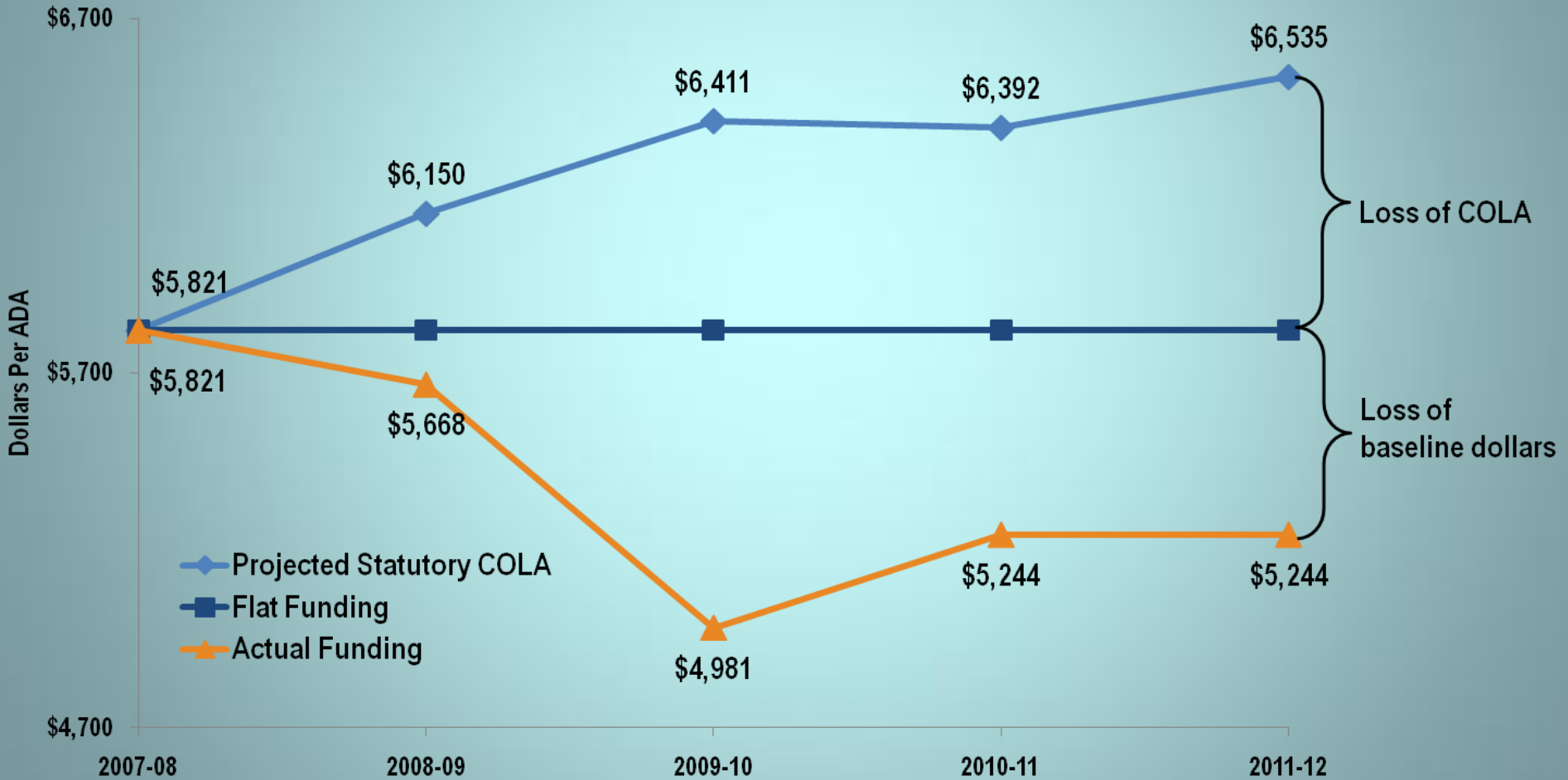
California State Budget

❑ Education funding

- Assumes \$4 billion more in revenue than May forecast
 - May/June revenue generated \$1.2 billion more than expected
- Credibility of new revenues demand triggers
- Legislature funded K-14 education below the Prop 98 minimum guarantee without suspension for the first time ever

Funding Per ADA – Actual vs. Statutory Level

Average Unified District



State Budget - Trigger Reductions

- ❑ By December 15, 2011, the Director of Finance is required to determine whether revenues are coming in as forecast or are falling short
 - Uses the higher of either the LAO's November 2011 forecast or the Department of Finance's December forecast

- ❑ If the revenues are not as strong as expected, automatic spending reductions are triggered in the following order as of January 1, 2012:
 - Less than \$1 billion below forecast – no mid-year cuts
 - Between \$1 billion and \$2 billion below forecast (Tier 1)
 - Proportional loss of revenue limit (1-3%)
 - 50% of home-to-school and special education transportation (school year half over)

State Budget - Trigger Reductions

- More than \$2 billion below forecast (Tier 2)
 - Proportional up to 4% reduction to revenue limits
 - 4% if revenues fall \$4 billion or more (FCUSD = \$261 per student)
 - 50% reduction to home-to-school and special education transportation (school year will be half over)
- If revenues fall short by more than \$2 billion, the Budget Act authorizes reduction in the 2011-12 school year of up to seven days, in addition to the five days authorized by current law
 - Goes into effect on February 1, 2012
 - A shorter school year is subject to collective bargaining and must be implemented by the end of the school year in order to capture the savings

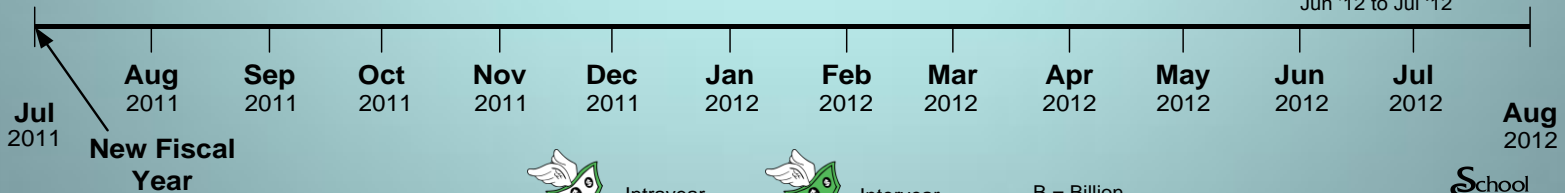
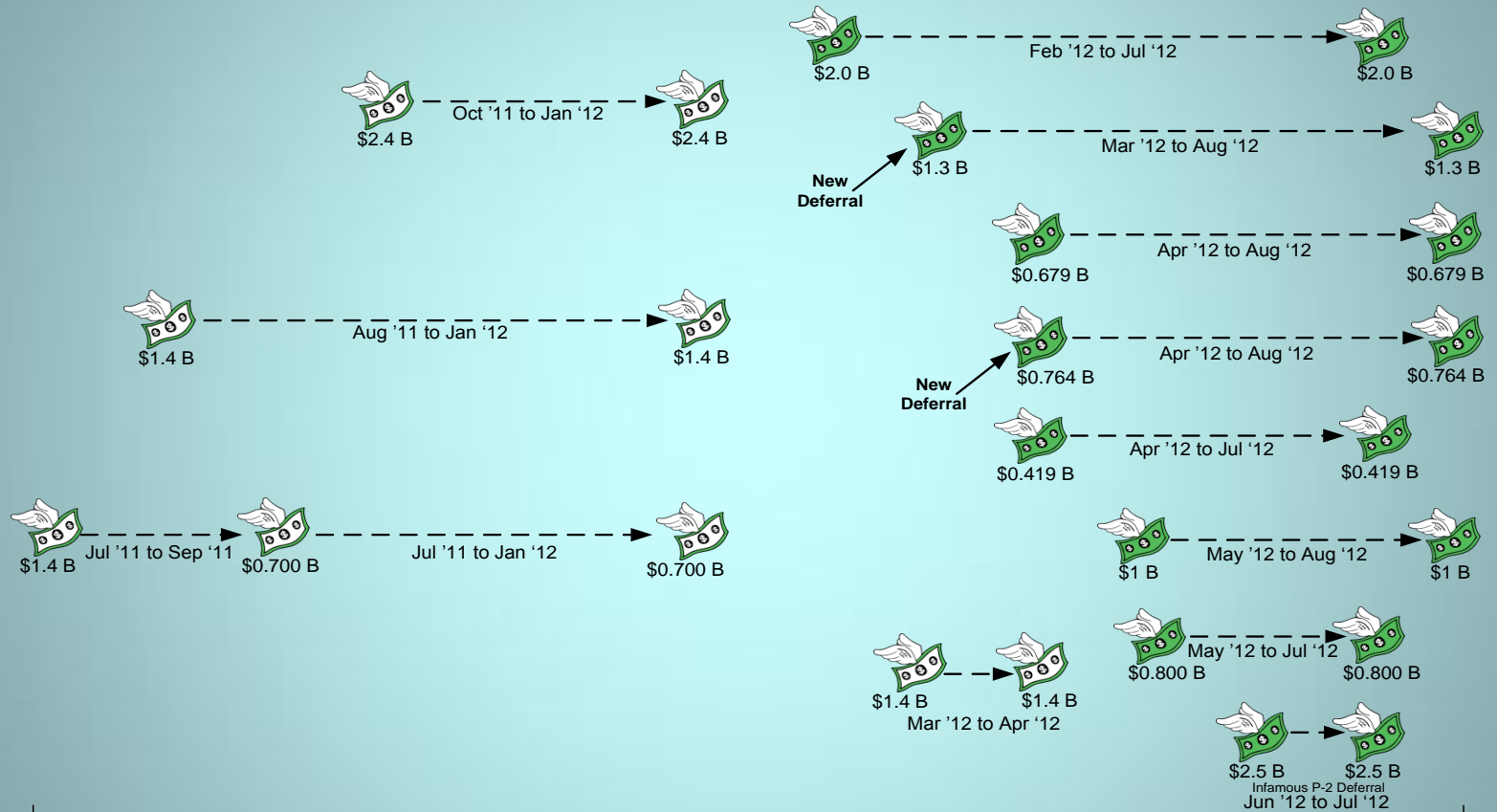
State Budget - Additional Budget Items

- ❑ Shifts mental health services to schools
 - Details still being discussed

- ❑ Provides funding for some mandates
 - Majority will continue to be deferred

- ❑ Invokes \$2.1 billion deferral of funding to 2012-13
(FCUSD = 38% or \$21 m)
 - Now have 12 deferrals in place (8 of which cross fiscal years)

2011-12 Apportionment Deferrals



= Intrayear

= Interyear

B = Billion

AB114 – Trailer Bill

- ❑ Dictates how districts will budget revenues for 2011-12
- ❑ Does not interfere with local revenue projections as it relates to:
 - Loss of federal funds and other one-time revenues
 - Declining enrollment
 - Change in local revenues
 - Other factors unique to your agency

FCUSD Budget

□ 2011-12 Adopted Budget Assumptions

- 2.24% COLA
- Deficit factor increased to negate COLA
- Loss of one-time funding
- Reduction of \$649/ADA
- Ongoing expenses related to step & column, increases for unemployment, property & liability insurance, and restoration of furlough days
- Declining enrollment

Ongoing structural deficit = <\$12 million>

□ 2011-12 Revised Assumptions

- Additional \$11 million for flat funding
- Furlough days for all groups
- Restorations for flat funding and furlough days

Ongoing structural deficit = <\$7.2 million>

Proposed Restorations

Counselors

Secondary Teachers

Nurses

Psychologist

Speech Pathologists

Athletics

Library Services

Theater Specialist

Maintenance

Grounds

Behaviorist

Occupational Therapists

Special Ed Aides

GATE Coordinator

Transportation Technician

Special Ed Clerk Typist

Maintenance Admin. Assistant

Web Developer

Bus Drivers

Mechanics

Custodial