

May Revise Update

**Board of Education Meeting
June 2, 2009
Discussion Report No. 1**

Budget Adjustment Impact on Unrestricted General Fund Ending Balance (May Revise) Attachment C

Major Changes	2008-09	2009-10	2010-11	2011-12
Revised Budget at January 31, 2009	\$ 22,196,250	\$ 18,346,264	\$ 14,231,201	\$ 8,586,582
State Budget Revisions (May 2009) and Updated Projections				
2008-09 Ongoing Adjustments				
Eliminate 0.68% COLA plus -6.41% Revenue Limit Reduction	\$ (10,688,503)	\$ (10,688,503)	\$ (10,688,503)	\$ (10,688,503)
Other State Revenue 15.38% Reduction - Supplemental Hourly, 9th CSR, Law Enforcement, Staff Development Buy Back	(520,597)	(520,063)	(522,163)	(525,071)
Local Revenue - Interest Revenue	(300,000)	(300,000)	(300,000)	(300,000)
Lottery \$118 to \$109.50 per ADA	(218,695)	(219,229)	(217,129)	(214,221)
Other Misc.	39,403	39,403	39,403	39,403
2008-09 One-Time Adjustments				
JPA Workers Compensaton Refund	3,100,000			
2009-10 Ongoing Adjustments				
Additional -3.45% Revenue Limit Reduction		\$ (4,734,422)	\$ (4,734,422)	\$ (4,734,422)
Other State Revenue 4.46% Reduction - Supplemental Hourly, 9th CSR, Law Enforcement, Staff Development Buy Back		(206,143)	(206,143)	(206,143)
Other Misc.		35,300	26,500	35,300
2010-11 Ongoing Adjustments				
Additional -2.6% Revenue Limit Reduction			\$ (3,887,104)	\$ (3,887,104)
Elimination of Fund Set Aside from COLA (negotiations)			1,117,489	
Other State Revenue (Unrestricted) - 2.6% Revenue Reduction			(278,769)	(278,769)
Other State Revenue (Restricted) - Primarily Special Ed - 2.6% Revenue Reduction			(403,775)	(403,775)
2011-12 Ongoing Adjustments				
Additional -0.30% Revenue Limit Reduction				(644,263)
Elimination of Fund Set Aside from COLA (negotiations)				1,122,893
Other State Revenue (Unrestricted) - 0.30% Revenue Reduction				(44,489)
Other State Revenue (Restricted) - Primarily Special Ed - 0.30% Revenue Reduction				(67,631)
Current Year Impact	\$ (8,588,392)	\$ (16,593,657)	\$ (20,054,616)	\$ (20,796,795)
Cumulative Impact to Ending Balance	(8,588,392)	(25,182,049)	(45,236,665)	(66,033,460)
Ending Balance with Revenue Changes	\$ 13,607,858	\$ (6,835,785)	\$ (31,005,464)	\$ (57,446,878)
Phase 1 Expenditure and/or Revenue Adjustments				
On-going Expenditure Reductions and/or Revenues - Phase 1				
Unrestricted General Fund - Position Savings 5 FTE	\$ 358,282	\$ 358,282	\$ 358,282	\$ 358,282
Special Education - Salary & Benefits	500,000	500,000	500,000	500,000
Special Education - Transportation Expenditures	300,000	300,000	300,000	300,000
One-Time Reductions and/or Revenues - Phase 1				
Sweep Unrestricted General Fund Carry Over	\$ 800,000			
Unrestricted General Fund - Salary & Benefits	1,641,718			
Does Not Include:				
Flexibility Options - Categorical & Restricted Maintenance Transfer				
Reduced Spending & Staffing Reductions - Future Years				
Sweep of Categorical Programs				
Changes to K-3 CSR				
Current Year Impact	\$ 3,600,000	\$ 1,158,282	\$ 1,158,282	\$ 1,158,282
Cumulative Impact to Ending Balance	3,600,000	4,758,282	5,916,564	7,074,846
Adjusted Ending Balance Projection	\$ 17,207,858	\$ (2,077,503)	\$ (25,088,900)	\$ (50,372,032)
Designated and Restricted Portion:				
Revolving Cash	\$ 70,000	\$ 70,000	\$ 70,000	\$ 70,000
Stores	158,542	158,542	158,542	158,542
3% Mandated Reserve for Economic Uncertainties	6,788,550	6,856,121	6,961,901	7,066,917
Fund Balance Designation - \$613,809 Released in 2nd Interim	-	-	-	-
Adjusted Balance in Excess of 3% Reserve	\$ 10,190,766	\$ (9,162,166)	\$ (32,279,343)	\$ (57,667,491)

Multi-Year Budget Assumptions

CATEGORY		2008-09	2009-10	2010-11	2011-12
Net COLA Percentage	Adopted	0.00%	4.83%	2.70%	2.60%
	Projected 1st	0.68%	0.00%	3.50%	2.70%
	Projected 2nd	-2.63%	-0.969%	0.70%	2.30%
	May Revise	-6.41%	-3.45%	0.90%	2.40%
*COLA Increase	Adopted	\$0	\$281	\$165	\$163
	Projected 1st	\$40	\$0	\$205	\$164
	Projected 2nd	-\$150	-\$52	\$39	\$130
	May Revise	-\$369	-\$185	\$48	\$130
*Revenue Limit per ADA	Adopted	\$5,777	\$6,058	\$6,223	\$6,386
	Projected 1st	\$5,817	\$5,817	\$6,022	\$6,186
	Projected 2nd	\$5,628	\$5,576	\$5,615	\$5,745
	May Revise	\$5,409	\$5,224	\$5,271	\$5,399
Revenue Limit ADA	Adopted	26,034	25,452	25,046	24,578
	Projected 1st & 2nd	26,034	25,789	25,542	25,200
Enrollment		26,809	26,552	26,196	25,923
Interest	Adopted	\$1,800,000	\$1,800,000	\$1,800,000	\$1,800,000
	Projected 1st	\$1,800,000	\$1,800,000	\$1,800,000	\$1,800,000
	Projected 2nd	\$1,500,000	\$1,500,000	\$1,500,000	\$1,500,000
Lottery (Per ADA)	Adopted	\$115	\$115	\$115	\$115
	Projected 1st	\$118	\$118	\$118	\$118
	Projected 2nd	\$109.50	\$109.50	\$109.50	\$109.50
STRS	No Changes	8.25%	8.25%	8.25%	8.25%
Workers Comp	No Changes	2.27%	2.46%	2.46%	2.46%
Retiree Benefits	No Changes	2.00%	2.00%	2.00%	2.00%
Indirect Cost Rate	No Changes	3.25%	3.25%	3.25%	3.25%
Other Uses	Adopted	\$0	\$3,033,263	\$3,037,527	\$2,920,007
	Projected 1st	\$0	\$0	\$1,117,489	\$1,122,893
	Projected 2nd	\$0	\$0	\$0	\$0
“Solvency” Transfers:					
- Special Ed. Reserve	No Changes	\$750,000	\$750,000	\$750,000	\$250,000
- Retiree Benefit Fund 20	No Changes	\$0	\$1,250,000	\$1,250,000	\$1,250,000
Health Insurance Increase	No Changes	\$2,250,000	\$2,750,000	\$2,750,000	\$2,750,000

*After 11.428% deficit is applied from 2008-09 fiscal year ongoing. After 17.967% deficit is applied from 2009-10 fiscal year ongoing

2009 SSC School District and County Office Financial Projection Dartboard 2009-10 May Revision

This version of SSC's Financial Projection Dartboard is based on the Governor's 2009-10 May Revision. We have updated the COLA, CPI, and ten-year T-bill factors per the latest economic forecasts, and this resulted in changes to virtually every factor for 2008-09 and thereafter. We rely on various state agencies and outside sources in developing these factors, but we assume responsibility for them with the understanding that they are, at best, general guidelines.

Factor	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Statutory COLA (use for K-12 and COE Revenue Limits)	5.66%	4.25%	0.90%	2.40%	2.60%	3.10%
Revenue Limit Deficits:						
Eliminates COLA	0.94643	0.90785	0.90785	0.90785	0.90785	0.90785
Further RL Cut	0.93585	0.90359	0.90359	0.90359	0.90359	0.90359
Total Deficit %	11.428%	17.967%	17.967%	17.967%	17.967%	17.967%
Net Revenue Limit Change: K-12	-6.41%	-3.45%	0.90%	2.40%	2.60%	3.10%
Revenue Limit Deficits - COEs:						
Eliminates COLA	0.94643	0.90785	0.90785	0.90785	0.90785	0.90785
Further RL Cut	0.97378	0.96142	0.96142	0.96142	0.96142	0.96142
Total Deficit %	7.839%	12.717%	12.717%	12.717%	12.717%	12.717%
Net Revenue Limit Change: COEs	-2.62%	-1.27%	0.90%	2.40%	2.60%	3.10%
Special Education COLA (on state and local share only) ¹	0.00%	0.00%	0.90%	2.40%	2.60%	3.10%
State Categorical Funding (including adult education and ROC/P) ¹						
Tier I	0.00%	0.00%	0.90%	2.40%	2.60%	3.10%
Tier II	-15.38%	-4.46%	0.90%	2.40%	2.60%	3.10%
Tier III	-15.38%	-4.46%	0.90%	2.40%	2.60%	3.10%
California CPI	1.40%	0.90%	1.70%	2.10%	2.70%	3.00%
California Lottery ²						
Base	\$109.50	\$109.50	\$109.50	\$109.50	\$109.50	\$109.50
Prop 20	\$11.50	\$11.50	\$11.50	\$11.50	\$11.50	\$11.50
Interest Rate for Ten-Year Treasuries	3.00%	3.40%	3.70%	4.00%	4.40%	4.60%

ESTIMATED STATEWIDE AVERAGE BASE REVENUE LIMITS PER ADA "UNDEFICITED"			
Year	Elementary	High School	Unified
2008-09 Statewide Average (est.)	\$5,882	\$7,069	\$6,150
2009-10 Inflation Increase @ 4.25% COLA	\$250	\$300	\$261
2009-10 Statewide Average (est.)	\$6,132	\$7,369	\$6,411

2009-10 BUDGET ACT ESTIMATED CHARTER SCHOOL RATES				
	K-3	4-6	7-8	9-12
General Purpose Block Grant (will change at each apportionment)	\$5,048	\$5,125	\$5,273	\$6,119
Categorical Block Grant (est.) ³	\$401	\$401	\$401	\$401
Total	\$5,449	\$5,526	\$5,674	\$6,520

¹ The categorical cut percentages are based on the amount of cuts from prior-year funding.

² The forecast for Lottery funding per ADA includes both base (unrestricted) funding and the amount restricted by Proposition 20 (2000) for instructional materials.

³ The charter school categorical block grant rates provided by the Department of Finance shown do not include Economic Impact Aid funding, which is provided separately.

**BOARD OF EDUCATION MEETING, MAY 19, 2009
DISCUSSION REPORT NO. 2**

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Attachment C

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<u>State Budget Revisions (Feb. 2009) and Updated Projections</u>				
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Eliminate 0.68% COLA plus 2.63% Revenue Limit Reduction	\$ (4,971,853)	\$ (4,971,853)	\$ (4,971,853)	\$ (4,971,853)
Other State Revenue 15.38% Reduction - Supplemental Hourly, 9th CSR, Law Enforcement, Staff Development Buy Back	(520,597)	(520,063)	(522,163)	(525,071)
Local Revenue - Interest Revenue	(300,000)	(300,000)	(300,000)	(300,000)
Lottery \$118 to \$109.50 per ADA	(218,695)	(219,229)	(217,129)	(214,221)
Other Misc.	39,403	39,403	39,403	39,403
2008-09 One-Time Adjustments				
JPA Workers Compensator Refund	3,100,000			
2009-10 Ongoing Adjustments				
Additional 0.958% Revenue Limit Reduction		\$ (1,342,844)	\$ (1,342,844)	\$ (1,342,844)
Other State Revenue 4.46% Reduction - Supplemental Hourly, 9th CSR, Law Enforcement, Staff Development Buy Back		(206,143)	(206,143)	(206,143)
Other Misc.		1,940	1,940	1,940
2010-11 Ongoing Adjustments				
Additional 2.8% Revenue Limit Reduction			\$ (4,191,468)	\$ (4,191,468)
Elimination of Fund Set Aside from COLA (negotiations)			1,117,489	
Other State Revenue (Unrestricted) - 2.8% Revenue Reduction			(278,769)	(278,769)
Other State Revenue (Restricted) - Primarily Special Ed - 2.8% Revenue Reduction			(403,775)	(403,775)
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Additional 0.40% Revenue Limit Reduction				(667,887)
Elimination of Fund Set Aside from COLA (negotiations)				1,122,893
Other State Revenue (Unrestricted) - 0.40% Revenue Reduction				(44,489)
Other State Revenue (Restricted) - Primarily Special Ed - 0.40% Revenue Reduction				(67,631)
Current Year Impact	\$ (2,871,742)	\$ (7,518,789)	\$ (11,275,312)	\$ (12,049,915)
Cumulative Impact to Ending Balance	(2,871,742)	(10,390,531)	(21,665,843)	(33,715,758)
Ending Balance with Revenue Changes	\$ 19,324,508	\$ 7,955,733	\$ (7,434,642)	\$ (25,129,176)
<u>Phase 1 Expenditure and/or Revenue Adjustments</u>				
On-going Expenditure Reductions and/or Revenues - Phase 1				
Unrestricted General Fund - Position Savings 5 FTE	\$ 358,282	\$ 358,282	\$ 358,282	\$ 358,282
Special Education - Salary & Benefits	500,000	500,000	500,000	500,000
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Does Not Include:				
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Cumulative Impact to Ending Balance	3,600,000	4,758,282	5,916,564	7,074,846
Adjusted Ending Balance Projection	\$ 22,924,508	\$ 12,714,015	\$ (1,518,078)	\$ (18,054,330)
<u>Designated and Restricted Portions:</u>				
Revolving Cash	\$ 70,000	\$ 70,000	\$ 70,000	\$ 70,000
Stores	158,542	158,542	158,542	158,542
3% Mandated Reserve for Economic Uncertainties	6,788,550	6,857,122	6,962,577	7,067,441
Fund Balance Designation - \$613,809 Released in 2nd Interim	-	-	-	-
Adjusted Balance in Excess of 3% Reserve	\$ 15,907,416	\$ 5,628,351	\$ (8,709,197)	\$ (25,350,313)