

Mt. Diablo Unified School District

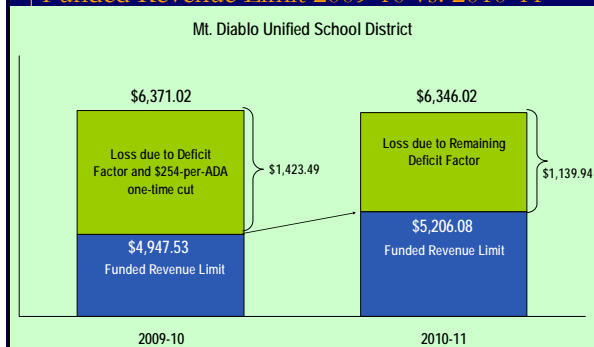
State Budget 2010-11 &
District's 2010-11 Budget
First Interim
December 14, 2010

Steven Lawrence, Ph.D., Superintendent
Bryan Richards, Chief Financial Officer

Negative COLA & Deficits

- A 0.39% DECREASE in funding; (\$25) per ADA
- However, deficit factor is being decreased to offset the effect of the negative COLA
- The one time extra deficit of \$250*ADA has been returned to one time status and will not continue in 2010/11 (cue small sigh of relief)
- LAO recommends taking it back (cue groan)

Funded Revenue Limit 2009-10 vs. 2010-11

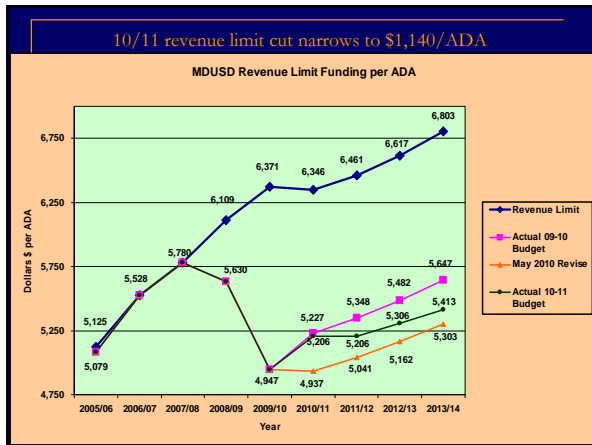


Graph courtesy of School Services of California, Inc.

What does a 17.96% cut look like?

At least it is better than a 22.21% cut

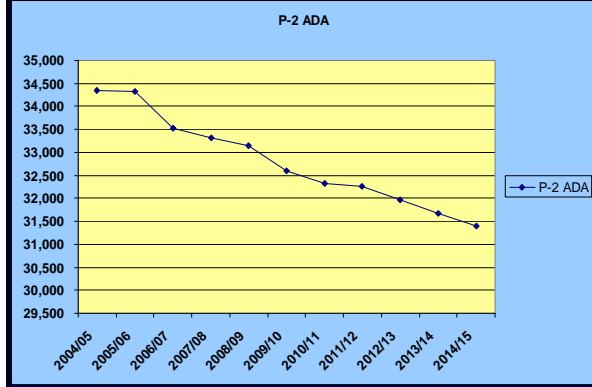
- School year is 180 days
- 17.96% of school year is 32.33 days
- To cut school by 17.96% we would have to close after school ended on April 18th (April 25th in a year when the Spring break falls earlier & about 7 days plus a minimum day later than with a 22.21% cut)
- A 17.96% reduction of the school day would equal just over 1 hour less instruction daily



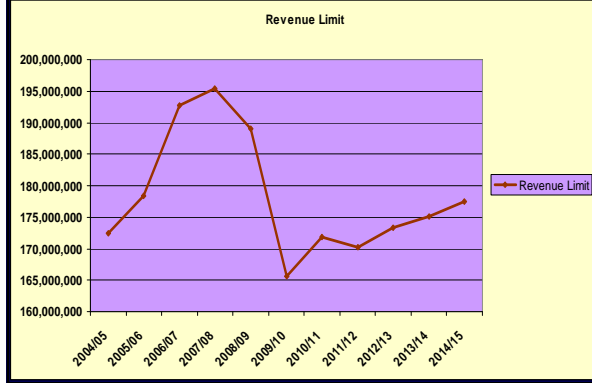
Declining enrollment less steep than projected at adoption

- For P-2 in 2009/10 we were down 550.58 ADA
- We are still declining so this is our funding model
- We are projecting a decline of 291.32 ADA in 2010/11 from 2009/10
- ADA projection is based on our last 3 years average attendance of 94.8% rather than last year's 95.3% until we know current ADA percentage

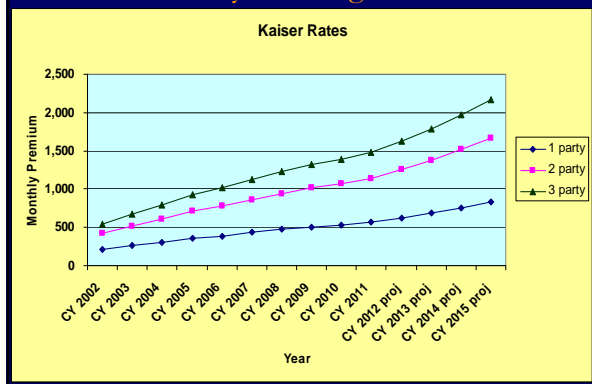
MDUSD ADA is still declining!

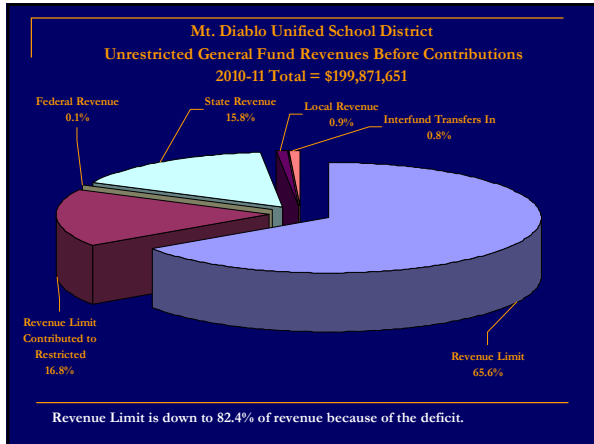


How does revenue limit funding look?



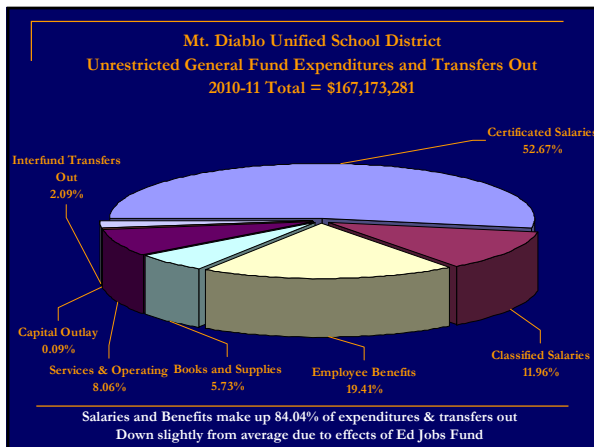
Health rates skyrocketing!





Unrestricted General Fund Expenditures

| | |
|---------------------------|---------------|
| ■ Certificated Salaries | \$ 88,043,398 |
| ■ Classified Salaries | 20,000,007 |
| ■ Employee Benefits | 32,446,736 |
| ■ Books & Supplies | 9,576,956 |
| ■ Services & Operating | 13,466,415 |
| ■ Capital Outlay | 153,732 |
| ■ Other Outgo | 0 |
| ■ Interfund Transfers Out | 3,486,037 |
| ■ Total Expenditures | 167,173,281 |



Unrestricted General Fund Summary

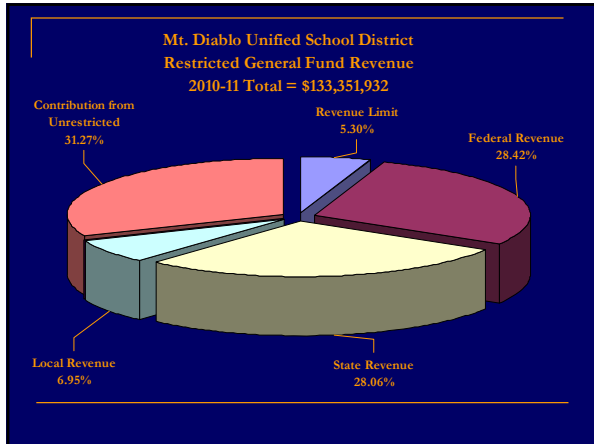
| | |
|-----------------------------|--------------------|
| ■ Net Available Revenue | \$ 163,875,139 |
| ■ Net Expenditures | <u>167,173,281</u> |
| ■ Net (decrease) fund bal. | (3,298,142) |
| ■ Beginning Balance, July 1 | <u>24,791,068</u> |
| ■ Projected Ending Balance | \$ 21,492,926 |

Components of Ending Balance

| | |
|-------------------------------|------------------|
| ■ Revolving Cash | \$ 300,000 |
| ■ Stores Inventory | 447,156 |
| ■ Economic Uncertainties (2%) | 6,021,147 |
| ■ IRS Assessment Resolution | 533,550 |
| ■ Tier 3 Balances | 1,520,144 |
| ■ LAO rec. cut to RL | 8,523,367 |
| ■ Undesignated | <u>4,147,612</u> |
| ■ Ending Balance | \$ 21,492,926 |

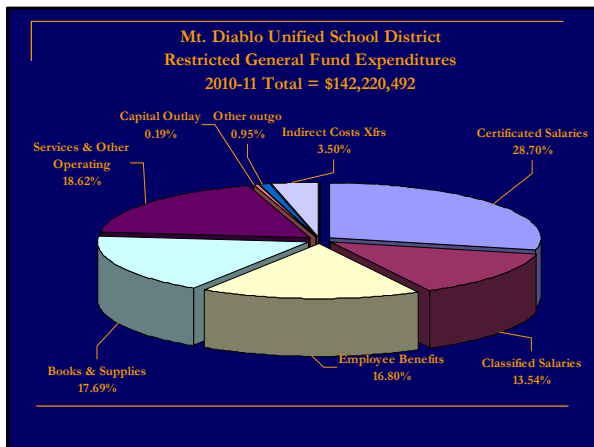
Restricted General Fund Revenue

| | |
|--------------------------|-------------------|
| ■ Revenue Limit Sources | \$ 7,071,893 |
| ■ Federal Revenue | 37,894,638 |
| ■ Other State Revenue | 37,414,612 |
| ■ Other Local Revenue | 9,269,004 |
| ■ Interfund Transfers In | 0 |
| ■ Contribution from Unr. | <u>41,701,785</u> |
| ■ Total Revenue | \$133,351,932 |



Restricted General Fund Expenditures

| | |
|------------------------------|------------------|
| ■ Certificated Salaries | \$ 40,814,438 |
| ■ Classified Salaries | 19,253,879 |
| ■ Employee Benefits | 23,900,109 |
| ■ Books & Supplies | 25,163,720 |
| ■ Services & Other Operating | 26,481,664 |
| ■ Capital Outlay | 276,212 |
| ■ Other Outgo | 1,355,536 |
| ■ Indirect Costs | <u>4,974,934</u> |
| ■ Total Expenditures | \$ 142,220,491 |



Restricted General Fund Summary

- Total Revenue \$ 133,351,932
- Total Expenditures 142,220,492
- Net (decrease) in fund bal. (8,868,560)
- Beginning Balance, July 1 10,343,950
- Projected Ending Balance \$ 1,475,390

Other Funds of the District

- Funds for special purposes excluded from the General Fund
- Special Revenue Funds
 - Charter School – Form 09I
 - Adult Education – Form 11I
 - Cafeteria – Form 13I
 - Deferred Maintenance – Form 14I
- Capital Projects Funds
 - Building (Proceeds of local bonds for construction) – Form 21I
 - Capital Facilities (a.k.a. Developer Fees) – Form 25I

Supplemental Information

- Form AI: Average Daily Attendance decrease of (291.32) in 10/11 will decrease funding for 11/12.
- Form CASH: Cash Flow – Ending GF cash projected to be NEGATIVE for the first time
- Form RLI: Revenue Limit Calculations
- Form 01CSI: Criteria & Standards
- Form CI: Certification to sign summarizes Criteria & Standards – QUALIFIED Cert.

Form MYPI: Multi Year Projection

| | |
|-------------------------------|----------------|
| ■ Undesignated @ 6/11 | \$ 4,143,552 |
| ■ Operating Deficit 2011/12 | (10,303,960) |
| ■ Adjustment in 2% reserve | <u>344,162</u> |
| ■ Unappropriated Balance 6/12 | (5,816,246) |
| ■ Operating Deficit 2012/13 | (12,594,211) |
| ■ Adjustment in 2% reserve | (121,131) |
| ■ Unappropriated Balance 6/13 | (\$18,531,588) |
| ■ If we keep 8.5M bal 6/13 | (\$10,008,221) |

Qualified Certification – What does it mean?

- The District projects that it may not meet its financial obligations for the current fiscal year or two subsequent fiscal years.
- We will meet our obligations for this year by issuing a TRAN or borrowing for summer cash flow from the building fund if necessary.
- We may be unable to meet obligations for next year based on current projections (depends on the LAO recommendation being implemented or not, and AB3632 being one time or ongoing).

One time solutions cannot completely solve ongoing problems...

- Federal Jobs Funds \$6.4M
 - Recommendation – as with SFSF fund days for site based employees to restore general fund for cuts to revenue limit
- School Improvement Grants for four schools
 - Helpful, but for 2 years only at most
- The State deficits are ongoing and rising for Revenue Limit funding

Other Concerns

- Governor & Legislature could take LAO recommended reduction AND make it ongoing (future years) = \$8.5M each
- AB 3632 blue pencil veto, if extended, will be \$4.9M per year of new ongoing expenses that have not been the District's responsibility before
- FCMAT indicating possible zero COLA for 2012/13 = \$3.25M

LAO Issues Budget Assessment

- State Budget Imbalance of \$25.4 Billion (now revised to \$28.1 billion)
- Federal Revenue assumptions overstated
- Measure prohibiting fuel tax and other county tax shifts approved by voters, protects county tax base, but leaves State less flexibility to fund education
- Calls for rollback of budget to level of May Revise
 - Reduces our revenue limit funds by \$8.5 Million
- Recommend reserving additional revenue limit funding until after the January budget and special session are complete, possibly until May revise if the January budget punts the decision until then

What about Solar \$?

- Solar expected to go online in late Spring 2012
- Savings from electricity and initiative credits will come just in time to bring back CSR in 2012/13
- Savings from COP payments being utilized starting in 2011/12 to fund Intervention teachers

What next? More from Sacramento




- ✔ Governor Schwarzenegger calls special session
- ✔ Democrats in Legislature initially indicate they will wait for Governor-Elect Brown to take office before they address \$28.1 BILLION deficit
- ✔ Governor-Elect Brown had a session today on education
- ✔ Mid year cuts or a very tough January budget expected




Governor-elect Brown: There will be cuts

- From today's UCLA Newsroom: "We will do everything we can to minimize cuts to public schools," Brown told about 200 school officials and education leaders in Ackerman Union. "I can't promise you there won't be more cuts because there will be."
- State Treasurer Bill Lockyer, who dubbed himself the "town grouch" for his dire warnings, cautioned that Sacramento budget solutions "are largely from the tooth fairy." "You still have a multi-billion-dollar hole ... you can't keep ducking this," he chastised. "It's time to make cuts, deep cuts. I'd do 25 percent across the board."

Will the State budget hold through the January revision?... Tune in next time for

