



Fall 2012 Site Meetings

October 16, 2012 Traina

October 18, 2012 Jefferson

October 22, 2012 Hawkins

October 25, 2012 Monticello



2011-12 Summary

- Looked for opportunities to reduce expenses wherever possible;
- Spent conservatively across all departments;
- Goal continues to be to protect student programs and preserve jobs;
- At Budget, we estimated the 2011-12 Unrestricted Ending Balance to be \$7.3M



Trends

- In 2009-10 and 2010-11, we used ARRA funds to offset expenses one time
 - \$1.13M in 2009-10 and \$760K in 2010-11
 - These funds reduced general fund expenses and/or general fund contribution to Special Ed in those two years.
 - \$175K savings in 2009-10 for additional 1% reduction in RRM contribution one time
- In 2011-12, we added expenses for the health benefit cap change as well as additional expenses related to HR corrections in contracted days for some classified staff
 - Added ~\$301K one time (for settlement paid in cash plus payment for correction of days – plus stat benefits) and \$228K ongoing (H&W cap change and change in days ongoing)



Contributions

■ Res 0760 Art & Music Block Grant	\$ 8,682
■ Res 1300 Class Size Reduction	\$ 166,232
■ Res 3310 Sp. Ed. IDEA	\$ 64,932
■ Res 3315 Sp. Ed. Preschool	\$ 536
■ Res 4045 Title II Part D	\$ 481
■ Res 6500 Sp. Ed.	\$ 1,034,046
■ Res 7230 Transportation	\$ 92,864
■ Res 8150 Maintenance	\$ 352,935
■ Res 9020 Kindergarten Readiness	\$ 2,374
□ Total	<u>\$ 1,723,082</u>

Unaudited Actuals Year-to-Year Comparison

	2009-10		2010-11		2011-12	
	Unrestricted	Restricted	Unrestricted	Restricted	Unrestricted	Restricted
Revenue Limit Sources	11,451,315	217,222	12,306,115	196,747	12,282,551	241,262
Federal Revenue	-	1,056,526	-	1,338,863	8,389	623,499
Other State Revenue	1,842,569	421,300	1,956,555	400,891	1,910,221	471,272
Local Revenue	339,733	923,539	427,065	801,794	465,120	631,147
	13,633,617	2,618,587	14,689,735	2,738,295	14,666,281	1,967,180
Contributions	260,672	375,172	(1,070,647)	1,070,647	(1,548,168)	1,548,168
TOTAL REVENUES	13,894,289	2,993,759	13,619,088	3,808,942	13,118,113	3,515,348
1xxx	6,854,321	1,456,634	7,054,190	1,644,646	8,236,984	1,126,481
2xxx	1,451,850	739,955	1,439,143	758,266	1,446,264	819,395
3xxx	2,423,549	571,107	2,475,617	629,994	2,994,254	563,974
4xxx	459,780	233,480	448,811	288,718	341,600	166,194
5xxx	1,217,838	376,230	1,324,849	440,276	1,181,358	574,213
6xxx	-	-	5,823	-	-	-
7xxx	(164,107)	340,814	(68,140)	252,289	(39,073)	249,805
TOTAL EXPENDITURES	12,243,231	3,718,220	12,680,293	4,014,189	14,161,387	3,500,062
Excess (Deficiency) of Revenues vs. Expenditures	1,651,058	(724,461)	938,795	(205,247)	(1,043,274)	15,286
Impacts to Remember						
<i>ARRA Funds</i>	1,128,991		759,746		6,879	
<i>Additional 1% Reduction in RRM</i>	175,000					
<i>Settlement One Time</i>					240,000	
<i>Settlement Ongoing</i>					228,000	
<i>HR Corrections</i>					61,500	

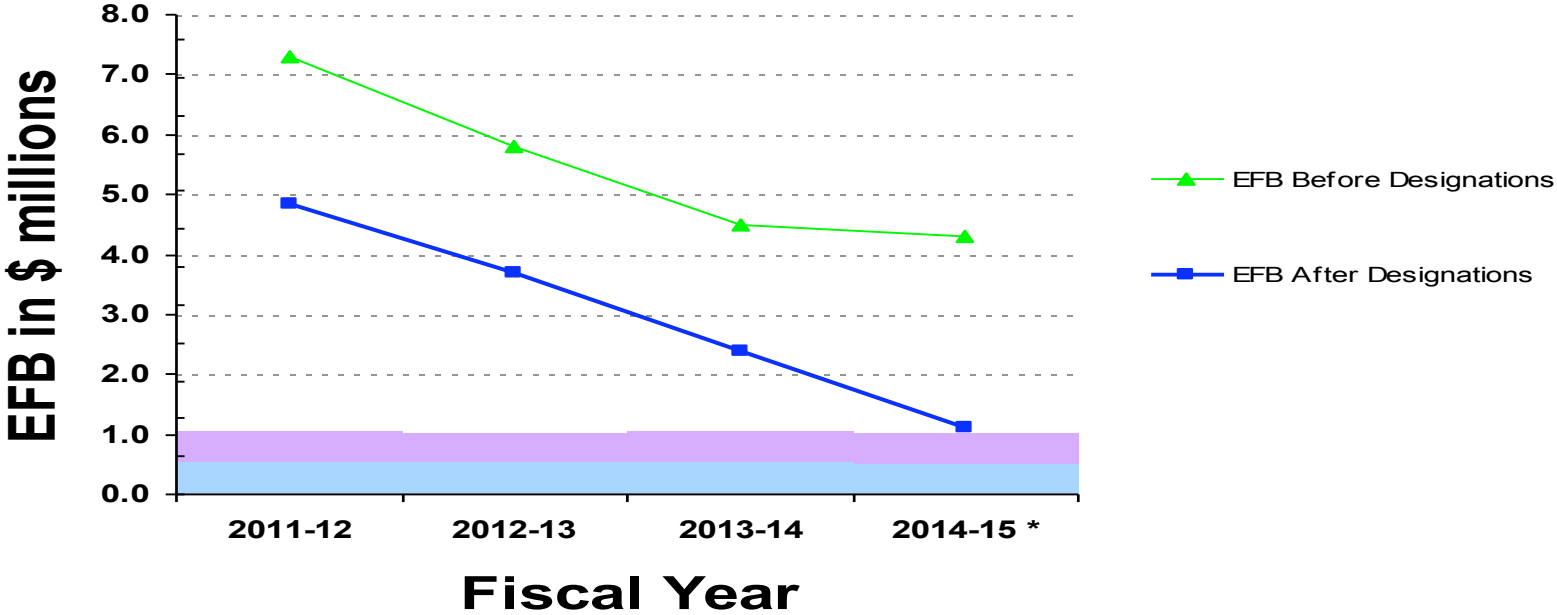


Ending Balance History

CHANGE IN FUND BALANCE				
		Unrestricted	Restricted	Total
2004-05		\$2,630,209	\$415,707	\$3,045,916
2005-06		\$3,796,862	\$603,324	\$4,400,186
2006-07		\$3,978,679	\$1,262,328	\$5,241,007
2007-08		\$5,131,701	\$1,257,724	\$6,389,425
2008-09		\$6,356,994	\$1,667,360	\$8,024,354
2009-10		\$7,372,209	\$942,890	\$8,315,099
2010-11		\$8,311,004	\$737,653	\$9,048,657
2011-12 (unaudited)		\$7,261,796	\$752,938	\$8,014,734



Unrestricted Ending Fund Balance



* Includes reduction of 15 positions




Changes

- The change in ending balance this year confirms what we have been expecting:
 - Revenue has been reduced by 20% overall during the financial crisis
 - Expense trends increasing year after year with no new revenue will require careful consideration of options
 - Annual Step & Column increases; increased utilities and fuel; Special Ed increased expenses
 - We anticipate deficit of \$1.3-1.5M in 2012-13
- Regardless of the November, 2012, election results (if tax initiative passes, it's not new revenue – it's an absence of an additional reduction), we need to review expenses and prioritize
- Most of the “easy” cuts have been made




State Budget Overview

- 2012-13 budget passed and is contingent upon the passage of Proposition 30 tax initiative
- Tax initiative is the biggest risk to the State Budget
 - \$8.5 billion at stake for 12-13 year
- Latest *Field Poll*
 - Prop 30 initiative at 51% in support and 36% opposed
 - Prop 38 initiative at 41% in support and 44% opposed
- Even if tax initiative passes, cuts could be proposed in future 2013-14 budget



The Governor's Initiative Proposition 30

- “The Schools and Local Public Protection Act of 2012”
- Designed to provide additional revenues to state general fund to avoid further cuts to education
 - Revenues would be part of state's general fund budget and administered according to state law
 - New income taxes heavily weighted toward highest earners
 - Also ¼ cent sales tax increase which would affect everyone



The Governor's Initiative Proposition 30 (cont' d)

- If passed, this is not new funding to education – would be part of state's normal school funding
- Additional state revenue generated if proposition passes would prevent further cuts to education



Munger/PTA Initiative

Proposition 38

- Our Children, Our Future: Local Schools and Early Education Investment and Bond Debt Reduction Act
- Measure designed to provide significant amount of funding directly to school sites and early childhood education
 - With a minimum of administrative cost and influence
 - New taxes are broad-based, but high earners pay more
 - Separate and above any other state or local funding
 - Provides funding for retirement of state-level debt during the first four year
- Intended to provide supplemental funding for public education to improve California's comparative standing with other states



Comparison of Initiatives

- Brown's (Prop 30)
 - Increase income taxes for 7 years on people above \$250,000
 - Increase sales tax by ¼ cent from Jan 2013 to Jan 2017
 - Funds count as state revenue for state budget purposes
- Munger's (Prop 38)
 - Increase income taxes on almost all from 2013 to 2024
 - All funds must be spent on direct services to K-12 school sites
 - Funds directly go to school sites rather than through the state



What does it mean to Jefferson?

■ Prop 30

□ Pass =

- we are flat funded – with deficit spending of \$1.3-\$1.5M

□ Failure =

- A loss of \$423 per ADA or loss of **\$1.045M (plus deficit spending)**
- Allowed to reduce school year to 160 days for the next two years (we are currently at 180 days)

■ Prop 38

□ Pass =

- Estimated revenue of \$851 per ADA to sites (or \$2M)

□ Failure

- A loss of \$423 per ADA or loss of **\$1.045M (plus deficit spending)**



What If They Both Pass?

- **If both initiatives pass the initiative that receives more votes will go into effect**
- **It is argued at this time that whichever initiative gets more votes, the winning measure only precludes certain provisions (and not the entirety) of the losing measure from going into effect**
- **The conflict language in measures would likely have to be resolved by the courts**



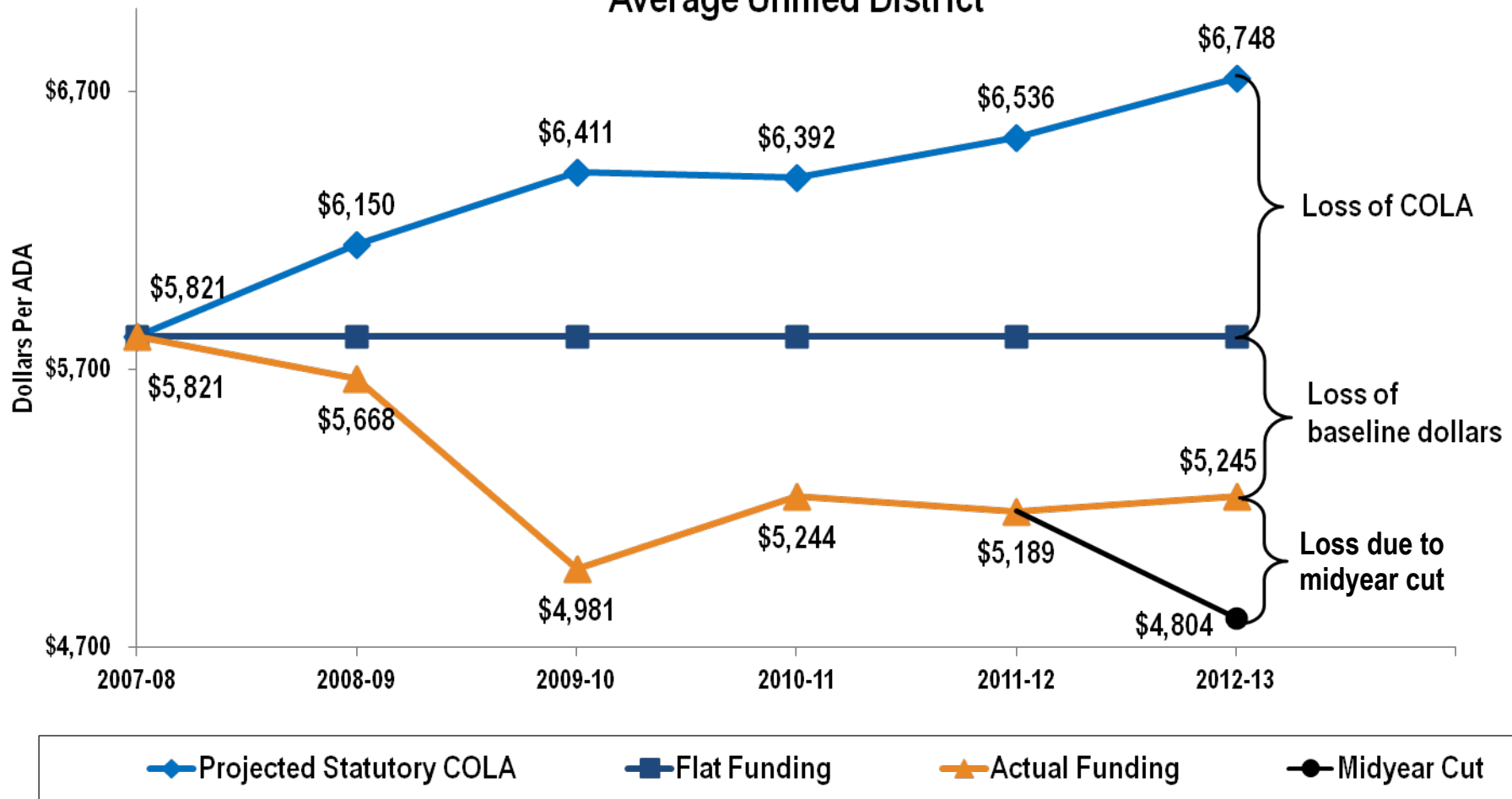
JESD Budget Reductions

- Jefferson ESD has cut \$10.1 million from our budget

■ 2007-08	\$230K (x 6)
■ 2008-09	\$453K (x 5)
■ 2009-10	\$1.2M (x 4)
■ 2010-11	\$105K (x 3)
■ One Time	\$1.4M
Total cuts	\$10.1M

Funding Per ADA – Actual vs. Statutory Level

Average Unified District





Funding per ADA Actual vs. Statutory Level

- Our district is receiving \$3.2 million less each year than where we would be with annual COLA
- Even flat funded, we would be receiving \$1.6M more each year



Next Steps

- Dana, Carolyn & Mindy preparing ‘menu’ of possible reductions
- Once election results are known, list will be shared out with staff and parents for input to share with Board
- Make decisions for 2013-14 forward