



2009/10 Budget Presentation

2008/09 Mid-year Cuts II
2009/10 Budget Proposal

June 8, 2009

Presented by Ron Lebs & Kristofer Pitman

2008/09 - A Road Less Traveled

- In the face of ambiguity and uncertainty the CUSD Board of Trustees has:
 - Stayed ahead of the budget curve by making difficult but prudent decisions.
 - \$25M in ongoing cuts 2009/10
 - Maintained conservative fiscal practices.
 - Tightened purchases.
 - Controlled cash flow.
 - Met fiscal AB 1200 solvency requirements.
 - Planned for the “worse case scenario.”



Signs of the Times

- Ambiguity
 - 18 month budget?
 - We just don't know.
- Uncertainty – Moving Target
 - We planned for the worst (repeatedly) and it keeps getting worse.
 - Best case scenario = proposed budget.
 - CUSD 2009/10 shortfall = \$4.2M
- Margin – Above 2%
 - No room for hiccups.



2008/09 Budget Timeline

- June 16, 2008 - Board Adopts Budget
- Feb. 20, 2009 - State Adopts 08/09 & 09/10 Budget
 - Mid-year Cuts I
 - Apportionment Deferrals
 - Requirements and Regulations to Follow
- April 13, 2009 - Board Approved \$25M cuts for 2009/10.
- May 9, 2009 – American Recovery and Reinvestment Act
 - Federal Stimulus Allocations Quantified
- May 19, 2009 - Sp. Election
- May 27, 2009 - May Revision
 - Mid-year Cuts II
 - 2009/10 Revision
 - Pre-Year Cuts I
- June 8, 2009 – Budget Presentation
- June 22, 2009 – Budget Adoption
- Next Steps?



May Budget Revision

Proposed Reductions – Ongoing

<u>Description</u>	<u>2008/09</u>	<u>2009/10</u>
Revenue Limit – ADA	(\$219)	(\$267)
Total	(\$11.0M)	(\$13.4M)

Combined RL Reduction (\$486)

Combined Total Reduction (\$24.4M)

2009/10 CUSD Revenue Limit is
funded \$1,145 below statutory level – 17.9% deficit!



Federal Stimulus ARRA \$

Contribution to the General Fund*

<u>Program</u>	<u>2008/09</u>	<u>2009/10</u>
Title I	\$0.0M	\$0.0M
IDEA	\$0.0M	\$5.0M
SFSF	\$11.4M	\$2.0M
CAT Backfill	<u>\$0.0M</u>	<u>\$3.9M</u>
Totals	\$11.4M	\$10.9M

*Assumes 100% capture of all potential 1st round funds (best case scenario).



Putting it Together

<u>Description</u>	<u>2008/09</u>	<u>2009/10</u>
Total Reductions	\$11.0M	\$13.4M
ARRA (all sources)	<u>\$11.4M</u>	<u>\$10.9M</u>
Balance	\$0.4M	(\$2.5M)



4 -Year Look Ahead*



<u>Expenditures</u>	<u>09/10</u>	<u>10/11</u>	<u>11/12</u>	<u>12/13</u>	<u>13/14</u>
Salary & Benefits	\$8.1	\$8.5	\$8.9	\$9.4	\$9.8
Cumulative	\$8.1	\$16.6	\$25.5	\$34.9	\$44.7
GASB	?	?	?	?	?

Revenue/Flexibility

Rev. Limit	?	?	?	?	?
CSR Flex	\$9.6	\$9.6	\$9.6	-----	-----
CAT Flex	\$9.3	\$9.3	\$9.3	\$9.3	-----
Federal. \$	<u>\$11.4</u>	<u>\$10.9</u>	-----	-----	-----
Totals	\$30.3	\$29.8	\$18.9	\$9.3	\$0.0

*Illustrative example, no coloration between expenditures and revenues.

The Bottom Line*

<u>Year</u>	<u>Amount</u>	<u>Over/Under</u>
2008/09	\$513K	Surplus
2009/10	\$170K**	Surplus
2009/10	(\$4.2M)	Shortfall
2010/11	(\$26.0M)	Shortfall
2011/12	(\$27.0M)	Shortfall

** Unrecognized Items (Not included)
(\$4.2M) Revenue Limit Shortfall
\$4.9M SFSF Round II (estimate)

*Without corrective action, over/under 2% reserve.



Recommendations

- Continue to review and tighten budget
 - Ongoing process
- Finalize/implement reorganization
- Complete negotiations
- Tighten Staffing
 - Watch student/teacher ratios.
- Plan/Prepare for...
 - 2009/10 \$4.2M Shortfall
 - 2009/10 Additional Mid-Year Cuts?
 - 2010/11 \$26.0M Shortfall



2009/10 General Fund Budget Presentation

Kristofer Pitman



Assumptions Used for 2008-09 Estimated Actuals

- Key factors

Prior Year Base RL	\$5,783 / ADA
Base RL (PY + COLA)	\$6,112 / ADA
Revenue Limit Deficit	11.428%
Funded RL	\$5,414 / ADA
Total ADA	50,077
Funding Difference	\$18.5 million

❖ See handout for detail

Assumptions Used for 2009-10 Tentative Budget

- Key factors

Prior Year Base RL	\$6,112 / ADA
Base RL (PY + COLA)	\$6,373 / ADA
Revenue Limit Deficit	17.967%
Funded RL	\$5,228 / ADA
Total ADA	50,134
Funding Difference	\$25.8 million

❖ See handout for detail

2009-10 Tentative Budget

Key adjustments from prior year

Revenue

RL & State Revenue	\$(13.9) M
Federal 1x Funding	\$ 10.9 M

Expenditures

Salaries & Benefits	\$(19.1) M
Services & Other	\$(1.6) M
Debt Service	\$(2.0) M

❖ See handout for detail

2009-10 Tentative Budget, cont.

Key adjustments from prior year

Transfers

Deferred Maintenance	\$ 2.0 M
Fund 11 & 14 per Cuts	\$ 2.1 M

Ending Balance / Reserve

Reserve minimum	2.0 %
2009-10 Projected Reserve	\$ 7.6 M
2009-10 Projected Reserve	2.0 %

❖ See handout for detail

The End?