



2009/10 Fiscal Year Budget Discussion #2

Identification and Review of Budget
Reduction Possibilities for
Fiscal Year 2010/11

October 13, 2009
Agenda Item No. 21

Discussion Overview

- Assumptions
- Budget Retrospective
- Prior Year Adjustments
- 2010/11 Reduction Possibilities
- 2010/11 Budget Development
- Interim Report Certification
- Outlook & Considerations
- Conclusion



2009/10 Assumptions

| | |
|---------------------------------------|----------------|
| ■ Enrollment | |
| ■ 2008/09 P-2 Prior Year | 52,170 |
| ■ 2009/10 Budgeted Enrollment | 52,203 |
| ■ First Week Enrollment | 52,414 |
| ■ Current Enrollment | 52,282 |
| ■ Revenue Limit per Student | \$5,203 |
| ■ State Revenue Decrease from 2008/09 | - \$31.4M |
| ■ 2% Required Reserve | \$7.63M |
| ■ Unallocated Ending Balance | \$5,663 |



Budget Retrospective

- Revenue Limit Funding
 - 2006/07 \$5,531.18
 - 2009/10 \$5,203.38 - \$327.80
- Enrollment P-2 Funded ADA
 - 2006/07 49,234
 - 2009/10 50,135 + 901
- Health & Welfare Costs
 - 2006/07 \$32.9M
 - 2009/10 \$40.0M + \$7.1M
- General Fund Budget
 - 2006/07 \$384,650,000
 - 2009/10 \$381,717,000 - \$2,933,000*

*Would have been greater without AARRA money.



Prior Year Adjustment & Reductions

| <u>Year</u> | <u>Amount</u> |
|---------------------|---------------|
| 2001/02 | \$4.8M |
| 2002/03 | \$3.8M |
| 2003/04 | \$12.8M |
| 2004/05 | \$2.0M |
| 2006/07 | - |
| 2007/08 | \$10.5M |
| 2008/09 | \$20.5M |
| 2009/10 (April) | \$25.6M |
| 2009/10 (June) | \$1.8M |
| 2009/10 (September) | <u>\$7.8M</u> |
| Total | \$89.6M |



2010/11 Reduction Possibilities

- Review of Budget Reduction Possibilities
- Reduction Targets
 - 2010/11 \$25.1M
 - 2011/12 \$4.3M
- Reduction possibility list will be provided and reviewed at the Board meeting.



2010/11 Budget Development

- Calendar/Timeline
 - December - June
- Guidelines and Assumptions
 - Development of Estimates and Projections
- Continued Review
 - Core Programs and Local Favorites
 - Savings + Efficiencies
- Stakeholder Engagement
 - District
 - Community



Interim Report Certifications

(Ed. Code §42131)

- Positive
 - District **will** meet its financial obligations for the current and subsequent two fiscal years.
- Qualified
 - District **may not** meet its financial obligations for the current fiscal year or two subsequent fiscal years.
- Negative
 - District will be **unable** to meet its financial obligations for the remainder of the fiscal year or the subsequent fiscal year.



Outlook & Considerations

- 2010/11 – 2012/13, anticipate continued deterioration of state revenue.
- Additional cuts are almost certain in future years.
- Mid-year cuts are a distinct possibility.
- Need to consider implication of cuts to students.



Outlook & Considerations

- Need to be compliant and operational.
- We are now confronting reduction and elimination of core academic programs.
- Without a corresponding elimination of programs or services, additional personnel cuts will jeopardize system sustainability.





Conclusion

- Next Steps
 - November 10
 - Present and Discuss Draft Reductions
 - December 15
 - Present 1st Interim Report
 - Approve 2010/11 Reductions
- Questions/Comments

