



2009/10 Fiscal Year Budget Discussion #3

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

November 10, 2009
Agenda Item No. 28

Discussion Overview

- Budget Reduction Options
 - 2010/11 \$25.1M
 - 2011/12 \$4.3M
- Outside Review - School Services Audit
- 2010/11 Budget Summary
- COLA & Salary
- Interim Report Certification
- Outlook & Considerations
- Conclusion



2010/11 Gen. Fund Expenditures*

Certificated Salaries		\$183.872
Classified Salaries	\$333.3	\$55.065
Administrative Salaries	88%	\$17.863
Benefits		\$76.542
<hr/>		
Books & Supplies		\$9.784
Services & Other		\$27.382
Capital Outlay	\$45.9	\$0.000
Other Outgo	12%	\$8.956
Interfund Support		(\$0.680)
Debt Service		\$0.477
Total Other		\$0.000
Total Budgeted Expenditures		\$379.261

*Millions of Dollars



2010/11 Services & Other Expenses



<u>Description</u>	<u>Amount</u>
Outside Services (Cat. + Sp. Ed.)	\$1,703,786
Local Mileage and Conference (Itinerant)	\$548,695
Memberships (ACSA, OCSBA, Low Wealth)	\$62,730
Insurance	\$2,125,000
Utilities	\$9,363,600
Rental/Lease/Repairs (M&O, Copiers, Trans.)	\$3,922,654
Costs Reimbursements	\$(28,769)
Other Services (NPS, Sp. Ed., Legal Costs)	\$9,221,828
Communications (Phone)	<u>\$462,387</u>
Total	\$27,381,910

Expenditure & Ending Fund Balance History

Fiscal Year	State Revenue Limit Funding Per Student	Total Expenditures	Ending Fund Balance	Total Ending Fund Balance Reserve Percent	Reserve for Economic Uncertainties	Economic Uncertainties Reserve Percent*
2001/02	\$4,608	\$302,697,389	\$18,569,263	6.13%	\$8,066,835	2.66%
2002/03	\$4,701	\$318,762,988	\$19,996,175	6.27%	\$12,324,332	3.87%
2003/04	\$4,789	\$318,830,889	\$15,186,266	4.76%	\$9,573,037	3.00%
2004/05	\$4,825	\$323,630,032	\$18,120,490	5.60%	\$9,612,630	2.97%
2005/06	\$5,096	\$354,816,600	\$14,166,574	3.99%	\$7,432,624	2.09%
2006/07	\$5,531	\$384,651,029	\$24,332,027	6.33%	\$8,846,355	2.30%
2007/08	\$5,783	\$400,473,597	\$21,844,245	5.45%	\$8,347,089	2.08%
2008/09	\$5,633	\$394,084,637	\$35,911,399	9.11% / 3.49%**	\$7,893,009	2.00%
2009/10***	\$4,951	\$381,716,882	\$8,465,000	2.22%	\$7,640,000	2.00%

*The minimum required reserve for economic uncertainties is 2%.

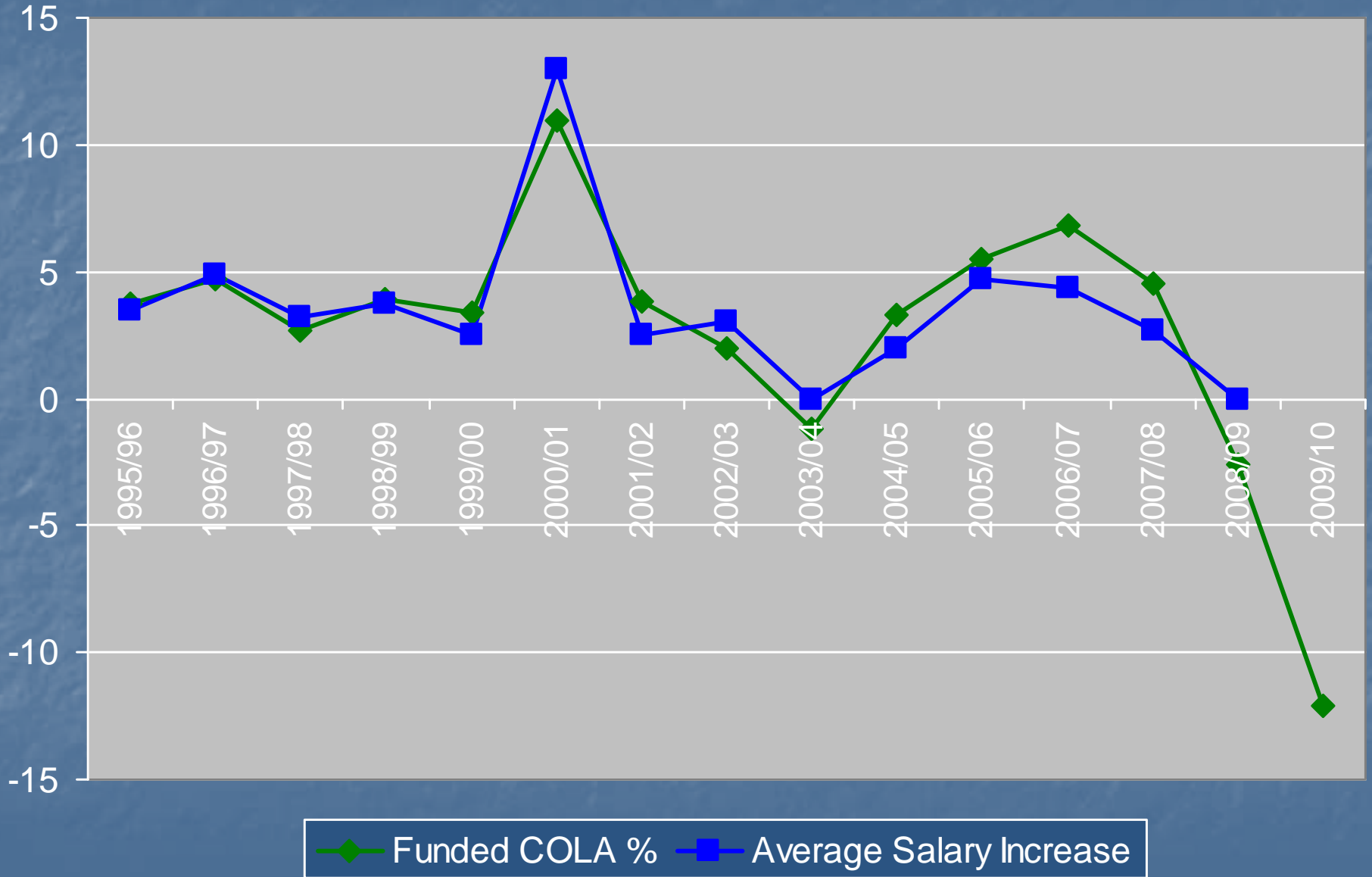
**2008/09 ending balance includes ARRA money received in June and \$253/ADA 1-time money that was cut in 2009/10. ARRA = \$8,139,475 and \$253/ADA 1-time = \$14,009,500. Adjusted ending balance is \$13,762,424 or 3.49%

***Projected



Year	Funded COLA % + Deficit Reduction	Salary Increase %			Average Salary Increase %
		↓ CUEA	↓ CSEA	↓ CUMA	
1995/96	3.76	3.50	3.50	3.50	3.50
1996/97	4.73	5.00	5.50	4.25	4.92
1997/98	2.65	3.25	3.25	3.25	3.25
1998/99	3.95	3.75	3.75	3.75	3.75
1999/00	3.42	2.50	2.50	2.50	2.50
2000/01	10.93	13.00	13.00	13.00	13.00
2001/02	3.87	3.50	2.00	2.00	2.50
2002/03	2.00	2.00	3.50	3.50	3.00
2003/04	-1.20	0.00	0.00	0.00	0.00
2004/05	3.27	2.00	2.00	2.00	2.00
2005/06	5.48	5.00	4.00	5.00	4.67
2006/07	6.81	4.00	5.00	4.00	4.33
2007/08	4.53	3.00	2.00	3.00	2.67
2008/09	-2.60	0.00	0.00	0.00	0.00
2009/10*	-12.11			-10.00	
Total Increase 1995/96 through 2008/09	51.60	50.50	50.00	49.75	50.08

COLA v. Salary Comparison



Year	COLA	Annual Salary		Health Benefits***
		CUEA*	CSEA**	
1995/96	3.76	\$ 34,629	\$ 23,592	
1996/97	4.73	\$ 36,389	\$ 25,008	\$ 1,737
1997/98	2.65	\$ 37,154	\$ 25,821	\$ 1,820
1998/99	3.95	\$ 38,548	\$ 26,208	\$ 1,914
1999/00	3.42	\$ 39,512	\$ 26,892	\$ 2,009
2000/01	10.93	\$ 44,763	\$ 30,444	\$ 2,136
2001/02	3.87	\$ 46,330	\$ 31,056	\$ 2,170
2002/03	2.00	\$ 47,257	\$ 32,112	\$ 2,589
2003/04	-1.20	\$ 47,257	\$ 32,112	\$ 2,821
2004/05	3.27	\$ 48,201	\$ 32,772	\$ 3,034
2005/06	5.48	\$ 50,612	\$ 34,092	\$ 3,377
2006/07	6.81	\$ 52,636	\$ 35,820	\$ 3,742
2007/08	4.53	\$ 56,113	\$ 36,528	\$ 4,189
2008/09	-2.60	\$ 56,113	\$ 36,528	\$ 4,720
2009/10	-12.11	\$ -	\$ -	\$ -

Notes

*CUEA = BS + 30 units, Column A Step 5.

**CSEA = Range 25, step 3 - 12 months.

***Annual cost of benefits - Health Net/Blue Cross HMO, employee only.



Step & Column

- Average Step & Column Percent Increase
 - CUEA 1.50%
 - CSEA 2.00%
 - Classified Management 2.00%
 - Cert. Management 1.00%
- Step & Column Cost Increase for 2009/10
 - Certificated* \$2.91M
 - Classified* \$1.26M
- Approximately 40% to 50% of all employees receive a step and/or column increase each year.

*Includes Management



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.



Qualified Certification

- Under a qualified certification, the Board retains all authority.
- Debt Issuance
 - Limits dept issuance without County Office approval.
- Collective Bargaining
 - Provides county superintendent at least 10 working days to review and comment on any proposed agreement(s).



Qualified Certification

- County superintendent shall do at least one of the following:
 - Assign a fiscal expert to advise the district.
 - Conduct a study of district financial conditions.
 - Require the district to perform additional reporting.
 - Require district to submit a proposal for addressing the fiscal conditions.
 - Assign FCMAT to review teacher hiring practices, retention rates, ratio of highly qualified teachers, and the extent of teacher misassignment.
 - Withhold the compensation of board and superintendent for failure to provide the requested information.



Conclusion

- Next Steps
 - December 15
 - Present 1st Interim Report
 - Approve Any Tentative 2010/11 Reductions
 - Interim Report Certification Determination
 - Recommendation: Self-Qualify
 - Work Proactively with OCDE
 - Continue with Negotiations
- Questions/Comments

