

**"Empowering  
Students for  
Success"**



# Capistrano Unified School District 2013-2014 Budget Planning

December 10, 2012

# Budget Calendar

Budgeting for schools is a continuous, year-round process.

- Adopted Budget June 30, 2012
- 1st Interim December 15, 2012 (reporting data as of October)
- 2<sup>nd</sup> Second Interim March 15, 2013 (reporting data as of January)

**Detailed plans for 2013-2014 budget reductions provided to Orange County Department of Education per 1<sup>st</sup> Interim Fiscal Solvency Statement**

- 3<sup>rd</sup> Interim\* June 1, 2013 (reporting data as of April)
- Note: Pursuant to Education Code (EC) Section 42131(e), a Third Interim Report is required to be filed by June 1 if the Second Interim certification is not positive.



# District and State Budget Timeline

Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
<p>Unaudited Actuals due by 15<sup>th</sup></p> <p>CUSD</p>	<p>1<sup>st</sup> Interim financial reporting period ends on 30<sup>th</sup></p>		<p>1<sup>st</sup> Interim due on 15<sup>th</sup></p>	<p>2<sup>nd</sup> Interim financial reporting period ends January 31<sup>st</sup></p>		<p>2<sup>nd</sup> Interim report due including multi-year projection. If needed, reduction in force notices due by 15<sup>th</sup> to certificated staff</p>	<p>If need layoff 1 to Clas staff c days l effectiv (AB1</p>
<p>State</p>				<p>Governor releases proposed budget for upcoming fiscal year (2013-2014)</p>	<p>Legislative Analyst Office (LAO) Releases review of Governor's Budget</p>	<p>State budget subcomm hearings</p>	

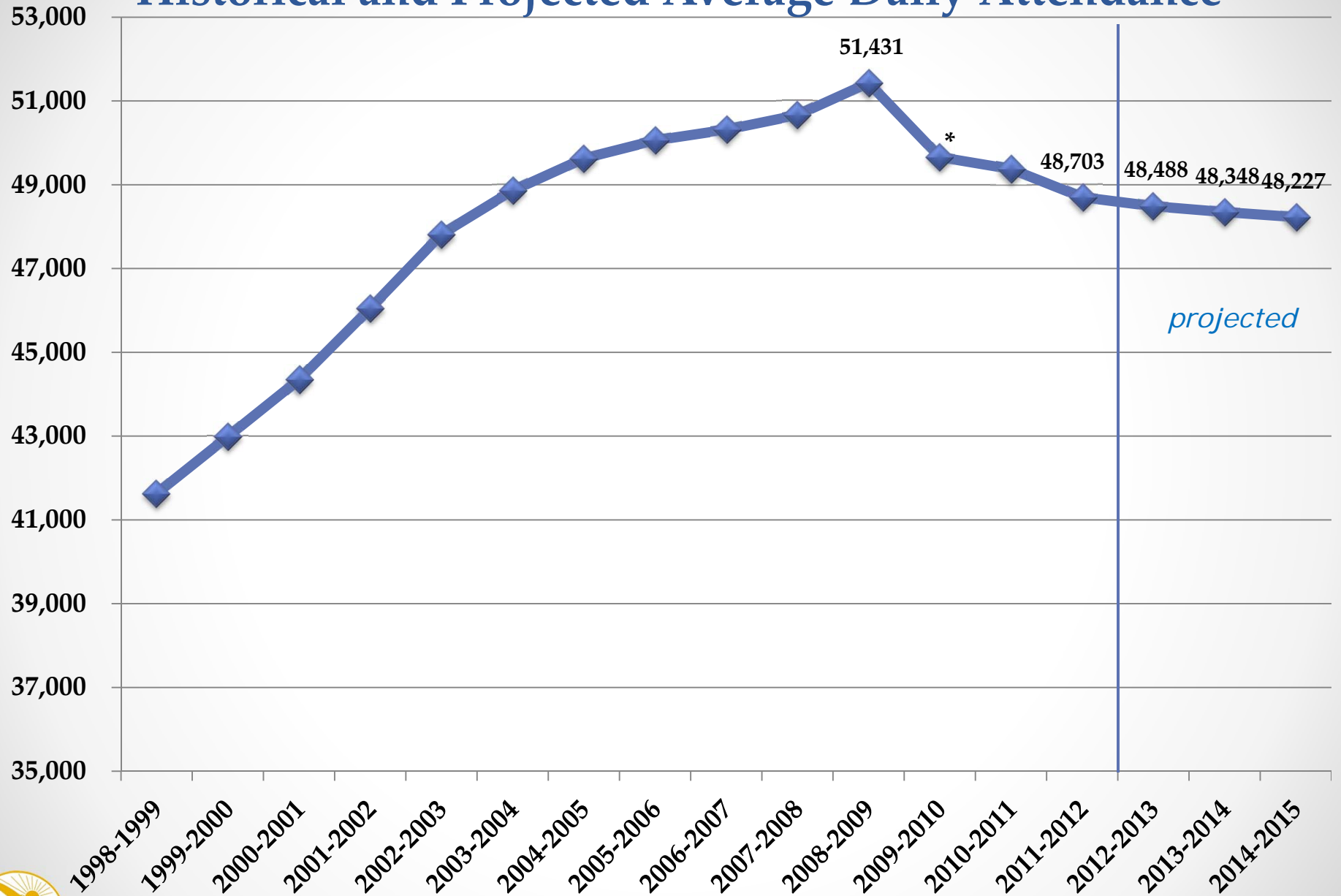


# District and State Budget Timeline

	Feb	Mar	Apr	May	Jun		Jul	Aug
n 5 ds [st		2nd Interim report due including multi-year projection. If needed, reduction in force notices due by 15 <sup>th</sup> to certificated staff	If needed, layoff notices to Classified staff due 60 days before effective date (AB1908)		3rd Interim financial report due if prior report not "positive"  Board approved adopted budget due June 30	J u n e  3 0  E n d  B u d g e t		Budget revised if needed
r l r 3 r 4)	CUSD  State  Legislative Analyst Office (LAO) Releases review of Governor's Budget	State budget subcommittee hearings		Governor's "May Revised" budget released	Legislature sends budget to Governor	Y e a r	Governor Signs Budget	



# Historical and Projected Average Daily Attendance

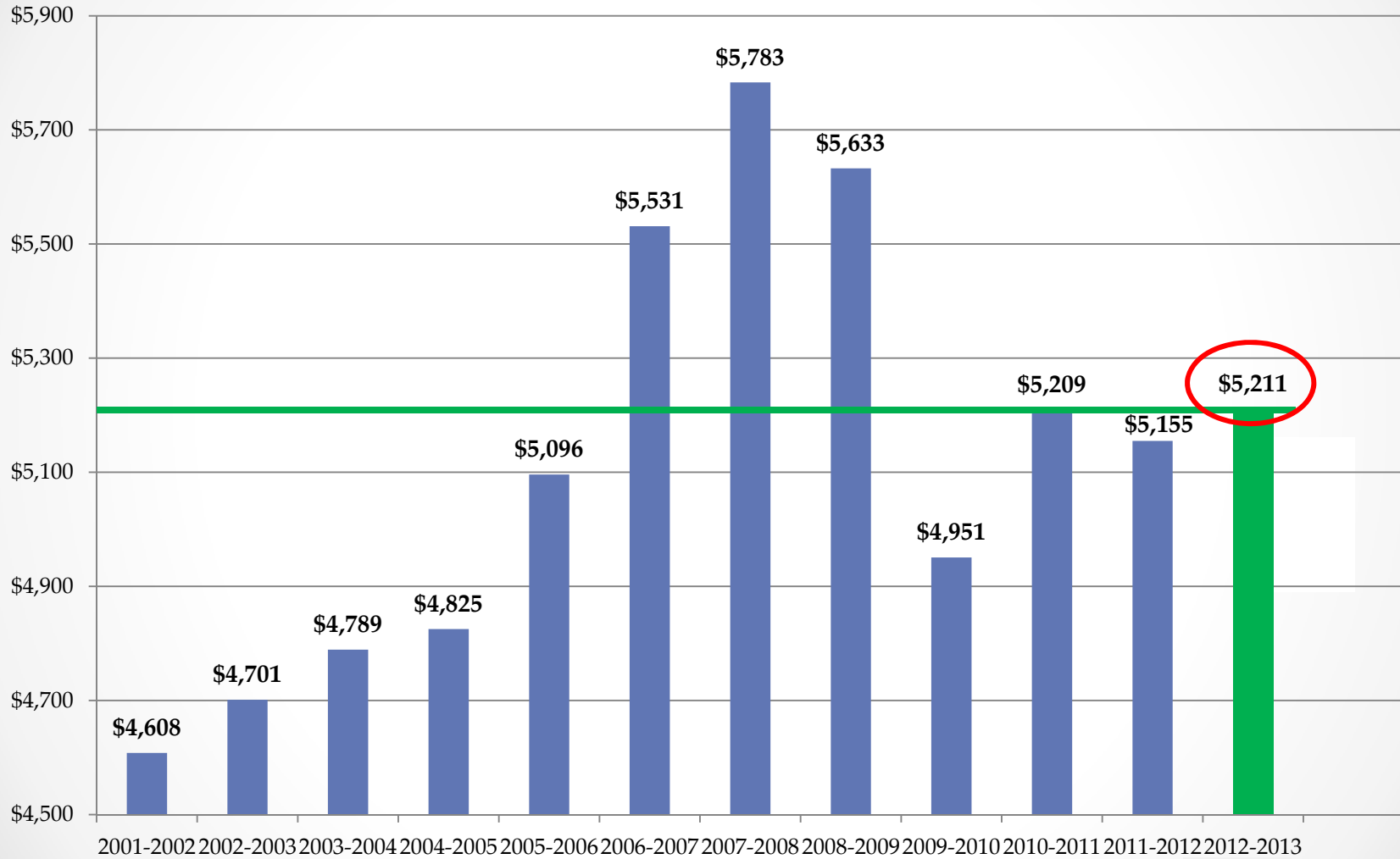


\* Adult Ed, ROP, eff. 2009-10 included in block grant, per 2008 data. Not reflected in P-2 ADA or Enrollment data eff. 2009-10.



# CUSD Historical Revenue Limit

## Funded Base Revenue Amount



# Major Assumptions

## • Current Year 2012-2013

- Average Daily Attendance (ADA) based on 2011-2012 P2 ADA.

- Cost-of-living adjustment (COLA) **+3.24 %** (*actual funded 0%*)

- Deficit factor in 2012-2013 offsets COLA increase.

- *note: Passage of Proposition 53 increases deficit factor*

- Continued Use of Funds

- Final use of Federal Jobs Act funds (must be used by Sept. 30, 2012)

- Staffing according to formula. Adjusted based on actual enrollment.

- Implementation of collective bargaining agreements in place.

When preparing the 2013-2014 budget, 2012-2013 is no longer considered except for ending funding balance which becomes the 2013-2014 beginning balance.



# Major Assumptions

- 2015-2016 Added to Forecast Years
  - ADA based on prior year if decline in ADA prior year.
  - Multi-year projection will include
    - Projected funded COLAs:
      - 2013-2014 +2.0% (OCDE recommends districts use 0%)
      - 2014-2015 +2.3% ??
      - 2015-2016 +2.5% ??
    - Will these COLAs be funded?
  - Governor's proposal in January will be a key indicator for future school funding levels.
  - Governor's "weighted funding formula" may be reintroduced.





# 2012-2013 1<sup>st</sup> Interim Fiscal Solvency Statement

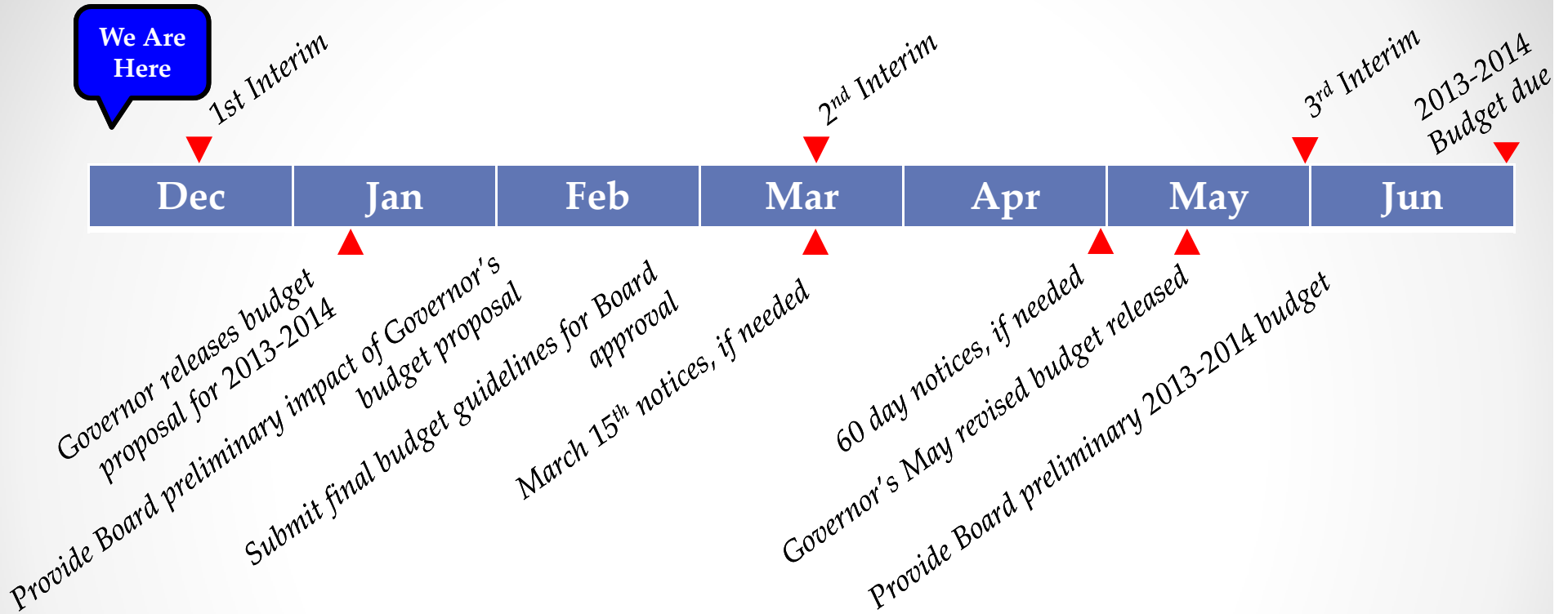
In submitting the 2012-2013 First Interim Report, the Board of Trustees understands its fiduciary responsibility to maintain fiscal solvency for the current and subsequent two fiscal years.

Due to the volatility of California's economic recovery and uncertainty with education funding, it is recognized that, if necessary, the District plans to implement \$31.0 million in ongoing budget reductions in 2013-2014

With the 2012-2013 Second Interim Report submission, the Board of Trustees will provide a detailed 2013-2014 budget reduction plan along with an implementation timeline.



# 2013-2014 Budget Planning



— *time to negotiate, evaluate, and plan* —————→

▲ = critical dates



# Budget Thoughts

- Budget conservatively to avoid downside surprises
- Avoid quantifying potential savings that may not materialize
  - For example, utilities or legal costs.
    - Hope for lower costs, but hope is not a plan.
  - Arbitrary line item reductions can backfire.
  - Use history as a guide.
- Understand that some budgets may be exceeded due to unforeseen circumstances
  - Special Education and Transportation
  - Legal costs
  - Utilities
  - Higher than budgeted substitute employee costs
  - Maintenance and repairs
  - Equipment replacement



# Agenda Item 6

## Recommendation

Staff recommends approval of the 2013-2014  
Preliminary Budget Calendar

Questions?

