

GROSSMONT UNION HIGH SCHOOL DISTRICT

JUNE 11, 2009

Fiscal Year 2009/10 Budget Adoption

AGENDA

- FY 2009/10 Budget Guiding Principles
- FY 2009/10 Budget Overview
- FY 2008/09 Review
- Recap of Reserves, Categorical Transfers, and Federal Stimulus Funds
- Governor's May Revise Proposals
- Out-Year Projection
- FY 09/10 General Fund Revenue & Expenditure Summary
- Projected Enrollment
- Revenue & Expense Assumptions
- Areas of Special Interest
 - Special Education
 - Health & Welfare Benefits
- Ending Balances
- Cost of 1% Salary
- Conclusion

GOVERNING BOARD BUDGET ADOPTION – JUNE 11, 2009

FY 2009 / 10 BUDGET GUIDING PRINCIPLES

FY 2009-10 BUDGET GUIDING PRINCIPLES

- Focus Resources on Student Achievement
- Move Forward with Instructional Programs
- Maintain Reserve for Economic Uncertainties at 3% or Greater
- Maintain Restricted Maintenance Account at 3% or Greater
- Avoid Deficit Spending in Two Consecutive Years
- Fiscal Restraint on Current Spending and Aggressive Pursuit of Revenue Enhancements
- All Necessary Budget Reductions That Affect People will be Handled with the Utmost Sensitivity to Employees

GOVERNING BOARD BUDGET ADOPTION – JUNE 11, 2009

FY 2009/10 BUDGET OVERVIEW

OVERALL BUDGET PICTURE

- FY 2009/10 Budget is “Balanced” Based on the Adopted State Budget (February)
BUT, with an Eye on the Governor’s
May Revise Proposals
- Have Resolved FY 08/09 and FY 09/10 Deficits Caused by Revenue Reductions in February State Budget
- Governor’s Proposed Cuts in May Revise:
If Approved, Will Require Additional Action

FY 2009/10 UNRESTRICTED GENERAL FUND DEFICIT (BASED ON ADOPTED STATE BUDGET)

	<u>\$M</u>
■ Deficit Reported at March 5, 2009 Budget Workshop	< \$10.6 >
■ Underlying Gap Covered by Reserves – Year 2	< 2.0 >
■ Additional Special Education Program Cost Growth	< .5 >
■ Categorical Fund Transfer Shortfall	< .8 >
■ All Other Budget Adjustments	< .65 >
 Total Deficit:	 < \$14.55 >

FY 2009-10 BUDGET
RESOLUTION OF DEFICIT
-UNRESTRICTED GENERAL FUND-

<u>Resources</u>	<u>Resolution</u>	<u>(\$M)</u>
■ Reserve Plan – Year 2		\$2.0
■ Fund Learning Centers from Categoricals		.3
■ Categorical Transfers		2.3
■ Federal Stimulus \$		
■ IDEA		2.0
■ Fiscal Stabilization (SFSF)		2.0
Subtotal		<u>\$8.6</u>

FY 2009-10 BUDGET RESOLUTION OF DEFICIT— UNRESTRICTED GENERAL FUND (CONT.)

Expenditures

	<u>(\$M)</u>
■ Homestead/Frontier SRO—Eliminate	.15
■ GASB 45 Liability Funding—Skip	.20
■ Deferred Maintenance Contribution—Skip	1.10
■ Eliminate Tutorial Deficits	.20
■ Eliminate Vacant Positions—Classified/Supv. (11/1)	.70
■ Increase Class Size (35.5 to 37)	1.50
■ Increase Ninth Grade CSR (20 to 25)	1.20
■ Start School After Labor Day	.50
■ Two-Day Furlough (All Groups but GEA)	.40
Subtotal	<u>\$ 5.95</u>
Total Resolution	<u><u>\$14.55</u></u>

GOVERNING BOARD BUDGET ADOPTION – JUNE 11, 2009

FY 2009/10 BUDGET HIGHLIGHTS

FY 2009-10 BUDGET HIGHLIGHTS

- Maintains Reserve for Economic Uncertainties at 3%
- Maintains Restricted Maintenance Account at 3%
- Learning Centers at
 - El Cajon Valley High School
 - Monte Vista High School
 - Mt. Miguel High School
 - Santana High School
 - ECREC
- Literacy Pilot Program
- Educational Technology Training Support
- Customized Success Institute for CAHSEE

FY 2009-10 BUDGET HIGHLIGHTS

- Continues:
 - Full Supplemental Counseling Program
 - Post-Secondary Planning Program
 - Full Summer School
 - Additional .5FTE at Each Comprehensive High School for Student Intervention Program
 - Student Attendance Incentive Program
 - School Site Facility Use Revenue to Schools

GOVERNING BOARD BUDGET ADOPTION – JUNE 11, 2009

FY 2008/09 REVIEW

FY 2008/09 REVIEW

Unrestricted General Fund Deficit Projected as of April

	<u>\$M</u>
■ Elimination of .68% COLA	< \$.9 >
■ Further Revenue Limit Cut (2.6%)	< 3.2 >
■ Other State Cut Impacts to Unrestricted	< 1.4 >
■ Lottery Revenue Reduction	< .1 >
■ Special Education Overrun	< .8 >
■ Medi-Cal Revenue Decrease (Two-year Impact)	< .7 >
■ Underlying Gap Covered by Reserves-Year 1	< 2.0 >
■ All Other Budget Adjustments	<u>.4</u>
Total Projected Deficit	<u><u>< \$8.7 ></u></u>

FY 2008/09 REVIEW-CONTINUED

Resolution of Deficit—Unrestricted General Fund

Total Projected Deficit < \$8.7M >

Resolution:

■ Reserve Plan—Year 1	2.0
■ Categorical Transfers	
■ 07/08 Ending Balance Sweep	2.9
■ 08/09 Transfers	<u>3.8</u>
■ Total Resolution	<u>\$ 8.7M</u>

RECAP OF:

- RESERVES
- CATEGORICAL TRANSFERS
- FEDERAL STIMULUS FUNDS

GOVERNING BOARD BUDGET ADOPTION – JUNE 11, 2009

RECAP OF RESERVES, CATEGORICAL TRANSFERS &
FEDERAL STIMULUS FUNDS PLANNING
(\$000)

	08/09	09/10		10/11	Total
		Budget	Reserve for State Budget		
1. Reserves	\$2.0	\$2.0		\$2.0	\$6.0*
2. Categorical Transfers					
Ending Balance Sweep	6.7		\$2.5		9.2
New \$		2.3		2.3	4.6
3. Federal Stimulus					
IDEA		2.0		2.1	4.1
Fiscal Stabilization (SFSF)		2.0	3.7	?	5.7
Total	\$8.7	\$8.3	\$6.2	\$6.4	\$29.6

*Current \$8M Reserve Plan allocates \$1M in each of 11/12 and 12/13

GOVERNOR'S MAY REVISE PROPOSALS

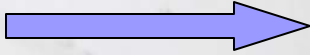
GOVERNOR'S MAY REVISE PROPOSALS

In Response to Continuously Worsening State Budget Gaps, Compounded by May 19 Ballot Measure Drubbings, Governor Has Proposed:

- Reductions in Both 08/09 and 09/10 K-12 Funding
- Seven Day Reduction in School Year

GOVERNOR'S MAY REVISE PROPOSALS ESTIMATED EFFECT ON GUHSD

<u>Revenue Limit</u>	<u>08/09</u>	<u>09/10</u>
Reduction /ADA	< \$254 >	< \$ 407 >
X GUHSD ADA	X18,613	X18,613
Total \$ Reduction	<u>< \$ 4.7M ></u>	<u>< \$ 7.6M ></u>

Revenue Limit Impact  < \$12.3M >

GOVERNOR'S MAY REVISE PROPOSALS ESTIMATED IMPACT ON GUHSD

But it Doesn't Stop There!

	<u>\$M</u>
Revenue Limit	< 12.3 >
Home-to-School Transportation 65% Cut	<u>< 1.3 ></u>
Total	<u>< \$13.6 ></u>

These Cuts, if Enacted are In Addition to Cuts Already Incorporated in District FY 09/10 Adopted Budget

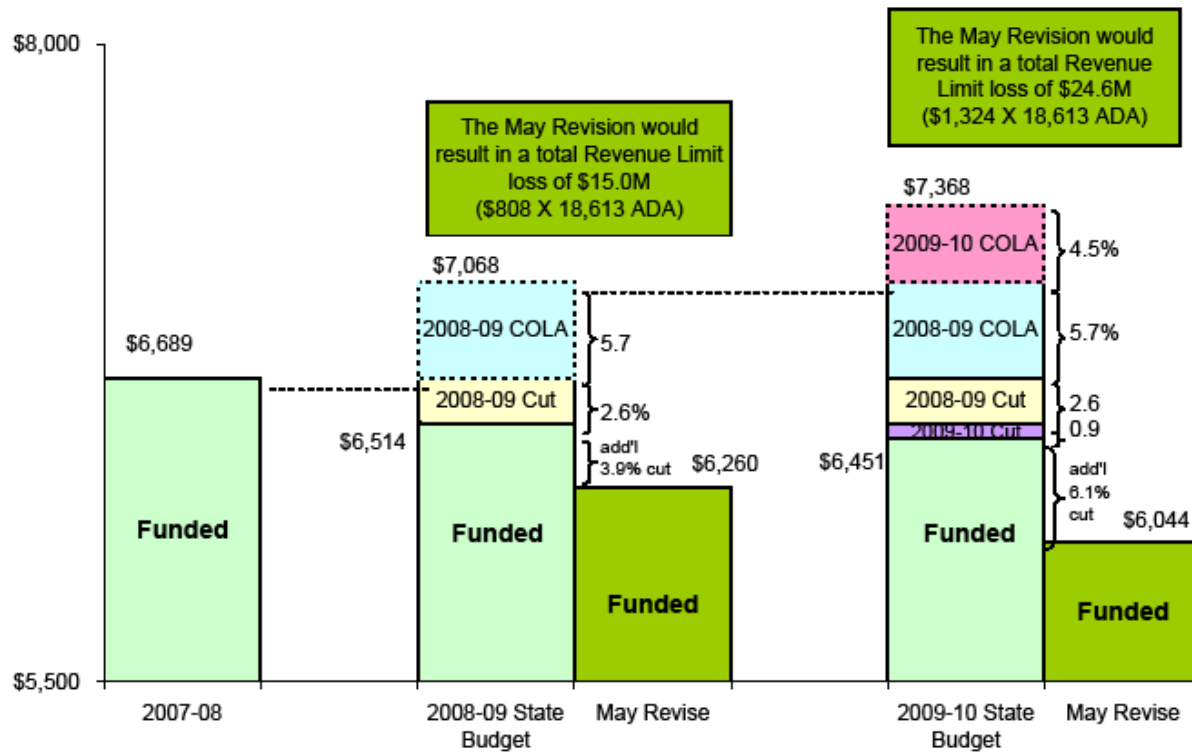
IF/WHEN STATE ADOPTS FURTHER REDUCTIONS MUST RE-BALANCE FY 2009/10 BUDGET

Items to Consider:

	(\$M)	1 Time	Ongoing
■ Eliminate State Budget Uncertainty Reserve	6.2	X	
■ Hiring Freeze/Eliminate Vacancies			X
■ Eliminate Ninth Grade Class Size Reduction Program	1.7		X
■ Raise Class Size (Each Student = \$1M)			X
■ Eliminate/Reduce Tutorial	.7		X
■ Eliminate/Reduce Summer School (Each Session = \$1.0M)			X
■ Reduce School Year if Allowed in State Budget (Each Day = \$.5 - .6M)			X
■ Reduce Health & Welfare Benefits/Costs (Total Cost = \$19M)			X
■ Use Potential SFSF Currently Earmarked for FY 2010/11	?	X	
■ Reduce/Eliminate Dept. Chair & Other Stipends/ Release Periods	.5		X

GOVERNING BOARD BUDGET ADOPTION – JUNE 11, 2009

2008-09 AND 2009-10 REVENUE LIMIT



OUT-YEAR PROJECTION -GENERAL FUND-

OUT-YEAR PROJECTION (\$000)

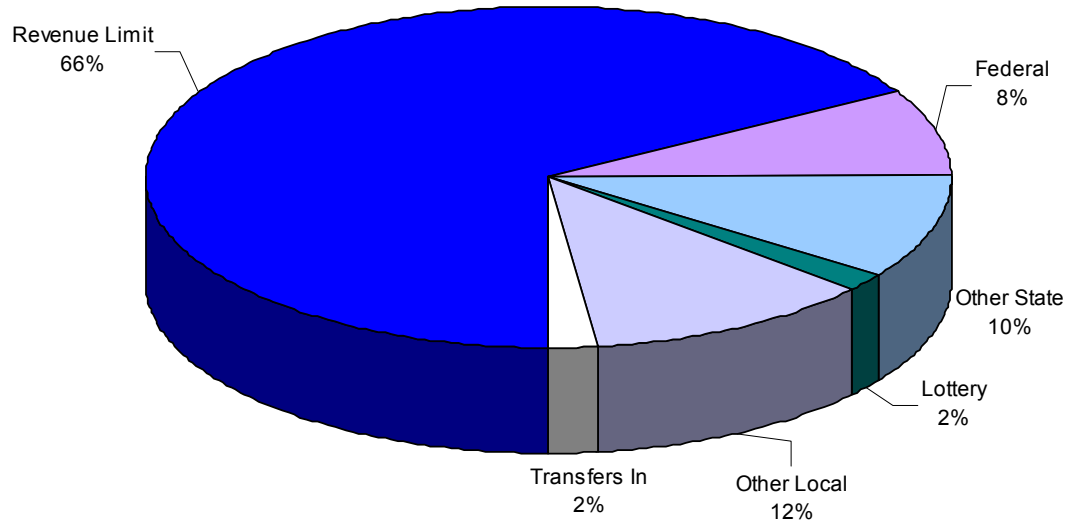
	<u>2010/11</u>	<u>20011/12</u>
	<u>(\$ M)</u>	<u>(\$ M)</u>
Based on Adopted State Budget		
Revenue	182.2	180.2
-Expenditures	188.6	192.6
= Surplus/(Deficit)	<u>< \$ 6.4 ></u>	<u>< \$ 12.4 ></u>
 Governor's May Revise Impact	 <u>< \$ 8.6 ></u>	 <u>< \$ 8.3 ></u>
If Governor's Proposals Adopted		
= Surplus/Deficit	<u><u>< \$15.0 ></u></u>	<u><u>< \$20.7 ></u></u>

GOVERNING BOARD BUDGET ADOPTION – JUNE 11, 2009

FY 2009 – 2010 REVENUE & EXPENDITURE SUMMARY

GOVERNING BOARD BUDGET ADOPTION – JUNE 11, 2009

**GROSSMONT UNION HIGH SCHOOL DISTRICT
GENERAL FUND REVENUE 2009-10 BUDGET**

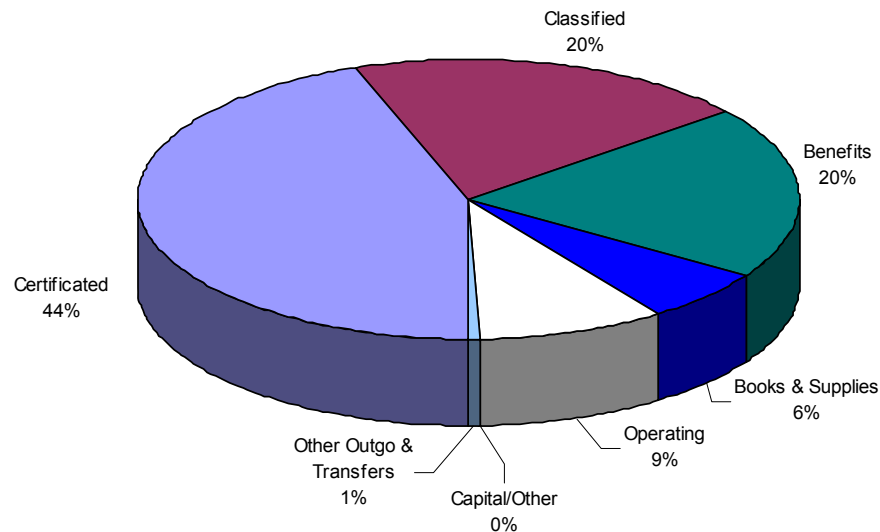


**General Fund Sources
(In Millions)**

Revenue Limit	121.5
Federal	15.0
Other State	18.2
Lottery	2.9
Other Local	21.2
Transfers In	3.7
Total Revenues	\$ 182.5

GOVERNING BOARD BUDGET ADOPTION – JUNE 11, 2009

GROSSMONT UNION HIGH SCHOOL DISTRICT
GENERAL FUND EXPENDITURES 2009-10 BUDGET



General Fund Expenditures
(In Millions)

Certificated	81.8
Classified	36.6
Benefits	36.9
Books & Supplies	11.1
Operating	16.9
Capital/Other	0.1
Other Outgo & Transfers	1.1
Total Revenues	\$ 184.5

GOVERNING BOARD BUDGET ADOPTION – JUNE 11, 2009

	2007/2008 ACTUALS	2008/2009 Working Budget	2009/2010 Adopted 5.02% COLA X .86906 Deficit	2010/2011 PROJECTED .7% COLA X .86906 Deficit	2011/2012 PROJECTED 2.3% COLA X.86906 Deficit
REVENUE	187,644,746	187,968,954	178,853,546	179,827,195	178,768,249
EXPENDITURES	186,063,309	190,360,550	184,536,976	188,597,894	192,614,961
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDI- TURES BEFORE OTHER FINANCING SOURCES AND USES	1,581,437	< 2,391,596 >	< 5,683,430 >	< 8,770,699 >	< 13,846,712 >
TRANSFERS IN	1,962,069	6,893,492	3,683,430	2,402,761	1,402,761
TRANSFERS OUT	5,455,106	1,122,510	0	0	0
TOTAL OTHER FINANCING/ USES	< 3,493,037 >	5,770,982	3,683,430	2,402,761	1,402,761
NET INCREASE (DECREASE) IN FUND BALANCE	< 1,911,600 >	3,379,386	< 2,000,000 >	< 6,367,938 >	< 12,443,951 >

GOVERNING BOARD BUDGET ADOPTION – JUNE 11, 2009

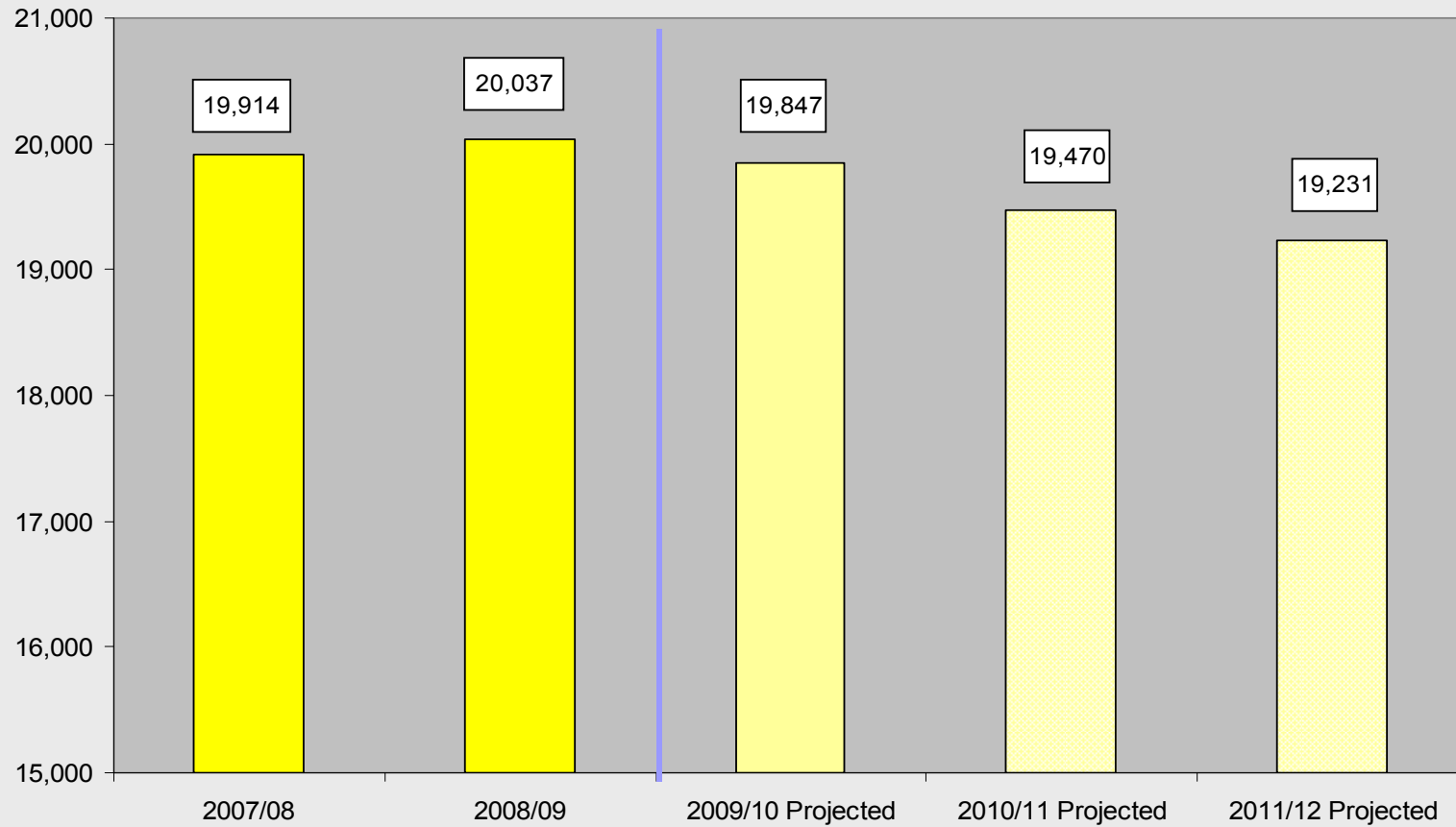
	2007/2008 ACTUALS	2008/2009 Working Budget	2009/2010 Adopted	2010/2011 PROJECTED	2011/2012 PROJECTED
FUND BALANCE, RESERVES					
1) Beginning Balance, July 1	24,539,055	22,627,455	26,006,841	24,006,841	17,638,903
2) Ending Balance, June 30	22,627,455	26,006,841	24,006,841	17,638,903	5,194,952
Components of Fund Balance					
State Required 3%	5,745,553	5,744,492	5,536,110	5,658,309	5,778,821
Revolving Cash/Stores/Prepaid	651,203	668,668	668,668	668,668	668,668
ROP Capital Reserve	2,870,000	2,870,000	2,870,000	2,870,000	2,870,000
Carryovers	1,233,052				
Standard Insurance		215,269	215,269	215,269	215,269
Student System	766,337	572,222	421,226	270,230	119,234
Budget Flexibility Reserve	2,616,371	1,862,177	1,167,382	1,196,179	<5,141,275 >
Vacancy Savings Reserve		279,890	1,399,458	1,399,458	1,399,458

GOVERNING BOARD BUDGET ADOPTION – JUNE 11, 2009

	2007/2008 ACTUALS	2008/2009 Working Budget	2009/2010 Adopted	2010/2011 PROJECTED	2011/2012 PROJECTED
FUND BALANCE, RESERVES (Cont.)					
Legally Restricted (Categoricals)	7,425,824				
MAA	955,486	423,519	423,519	423,519	423,519
Capital Equipment/Outlay	168,395	65,395			
Attendance Incentive	150,000				
Projected Unexpended Amount		5,100,403	5,100,403	5,100,403	5,100,403
Prop H Teacher Moves	45,234				
Reserve for State Budget Uncertainties		8,204,806	6,204,806	6,204,806	6,204,806
Required Budget Solution				<6,367,938>	<12,443,951>
Total Components of Fund Balance	22,627,455	26,006,841	24,006,841	17,638,903	5,194,952

PROJECTED ENROLLMENT

District Enrollment



REVENUE & EXPENDITURE ASSUMPTIONS

GOVERNING BOARD BUDGET ADOPTION – JUNE 11, 2009

REVENUE	2007/08 ACTUALS	2008/09 Working Budget	2009/10 Adopted	2010/11 Projected
1. COLA per SSC	4.53%	5.66%	5.02%	.70%
Deficit		<u>.92156</u>	<u>.86906</u>	<u>.86906%</u>
Net COLA	4.53%	5.22%	4.36%	.61%
Calculated RL Rate per ADA	\$6,689	\$6,514	\$6,451	\$6,496
Enrollment Projection	19,914	20,037	19,847	19,470
Enrollment Growth/(Decline)	(280)	63	< 190 >	< 377 >
Factor of Enrollment to P2 ADA	92.71%	92.89%	93.20	93.20
P2 ADA	18,463	18,613	18,498	18,148
ADA for Funding*	19,285	18,613	18,613	18,498
2. Categorical COLA per SSC	4.53%	< 15.38% >	< 4.46% >	.70%
3. Special Ed COLA per SSC (Bifurcation)	3.58%	0%	0%	.70%
4. Lottery - Regular	\$ 115.29	\$ 109.50	\$ 109.50	\$ 109.50
- Instructional Materials	\$ 17.49	\$ 11.50	\$ 11.50	\$ 11.50
5. Equalization Aid	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00

**Revenue Limit Funding is based on declining enrollment formula; Steele Canyon Revenue Loss:
2008-2009 100%*

GOVERNING BOARD BUDGET ADOPTION – JUNE 11, 2009

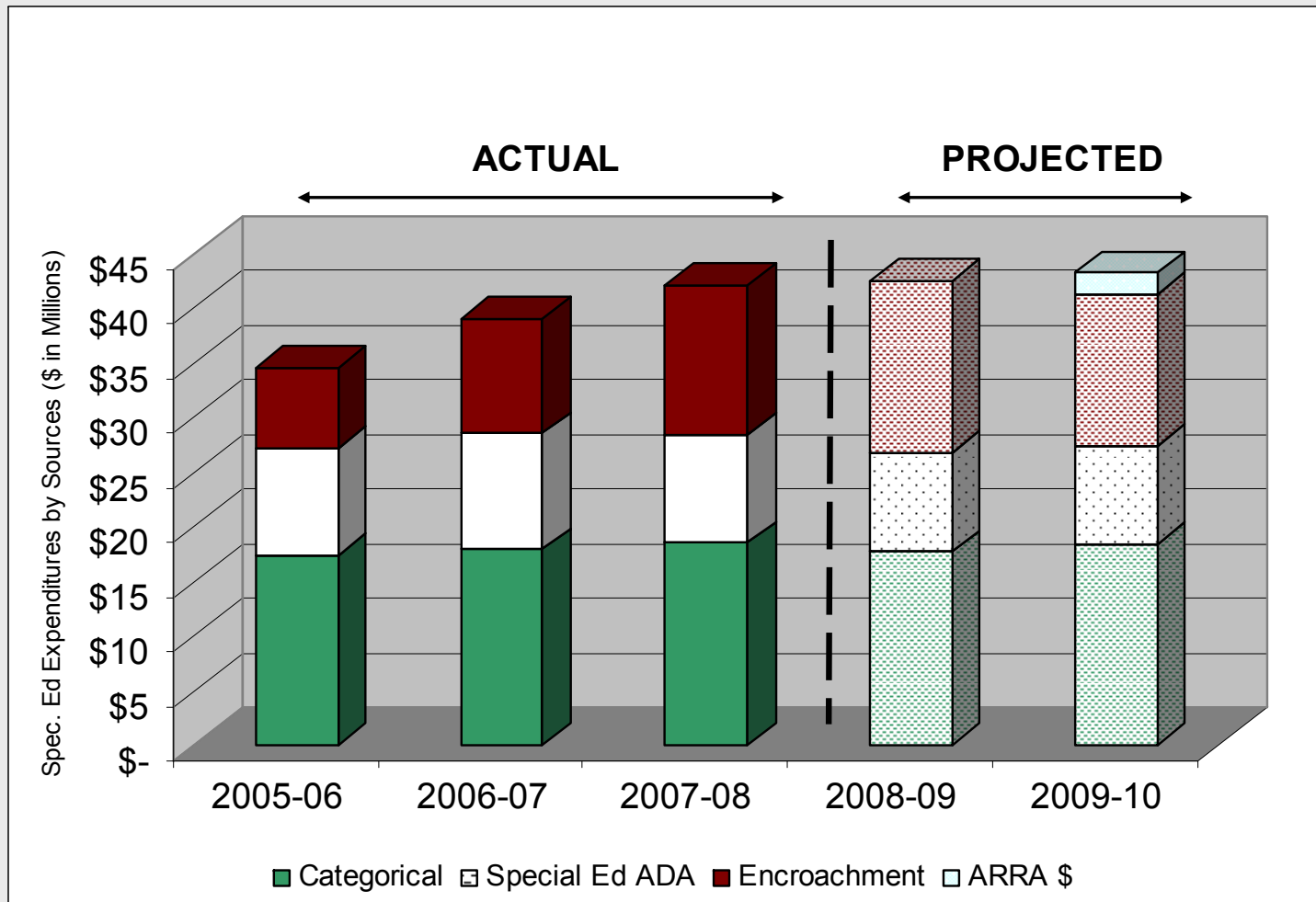
Expenditures	2007/08 ACTUALS	2008/09 Working Budget	2009/10 Adopted	2010/11 Projected
1. Step and Column-All Groups	In Actuals	In Actuals	\$.9M	\$.90M
2. Health & Welfare Increases	12%	4%	14%	14%
Annual Health Insurance (Per Employee)	\$7,220	\$7,527	\$8,542	\$9,738
3. Fringe Benefit Rates				
STRS State Teachers Retirement	8.25%	8.25%	8.25%	8.25%
PERS Public Employees Retirement	9.306%	9.428%	9.709%	9.709%
PERS Rate Reduction	<u>3.714%</u>	<u>3.592%</u>	<u>3.311%</u>	<u>3.311%</u>
PERS Total	13.020%	13.020%	13.020%	13.020%
Social Security	6.20%	6.20%	6.20%	6.20%
Medicare	1.45%	1.45%	1.45%	1.45%
State Unemployment	0.05%	0.30%	0.30%	0.30%
Worker's Compensation	1.67%	1.66%	1.68%	1.68%
Retiree Medical				
% (Amortization of UAAL)	1.40%	.94%	.94%	.94%
\$/FTE (Normal Cost)	\$ 442	\$ 538	\$ 538	\$ 538

GOVERNING BOARD BUDGET ADOPTION – JUNE 11, 2009

Expenditures (Cont.)	2007/08 ACTUALS	2008/09 Working Budget	2009/10 Adopted	2010/11 Projected
4. Salary Increases	4.00%	0.00%	0.00%	0.00%
5. Utility Increases	6% \$376K	6% \$295K	8% \$458K	8% \$431K
6. Supplies & Oth. Opr. Exp. Inc.	0	0	0	0
7. School Formula Allocations				
Per Student Enrollment				
Books, Supplies, Equipment	\$60.00	\$55.00	\$55.00	\$55.00
Instructional Materials	\$20.00	\$20.00	\$20.00	\$20.00
Hourly Allocation	\$37.52	\$39.02	\$39.02	\$39.02
8. Categorical Increase	4.53%	<15.38%>	<4.46%>	0.70%
9. Special Ed Growth	2.00% \$.7M	2.00% \$.8M	2.00% \$.9M	2.00% \$.9M
10. Projected Unexpended Amount <i>(other than vacancy savings)</i>		In Base	In Base	In Base
11. Vacancy Savings	\$1.4M	\$1.4M	\$1.4M	\$1.4M

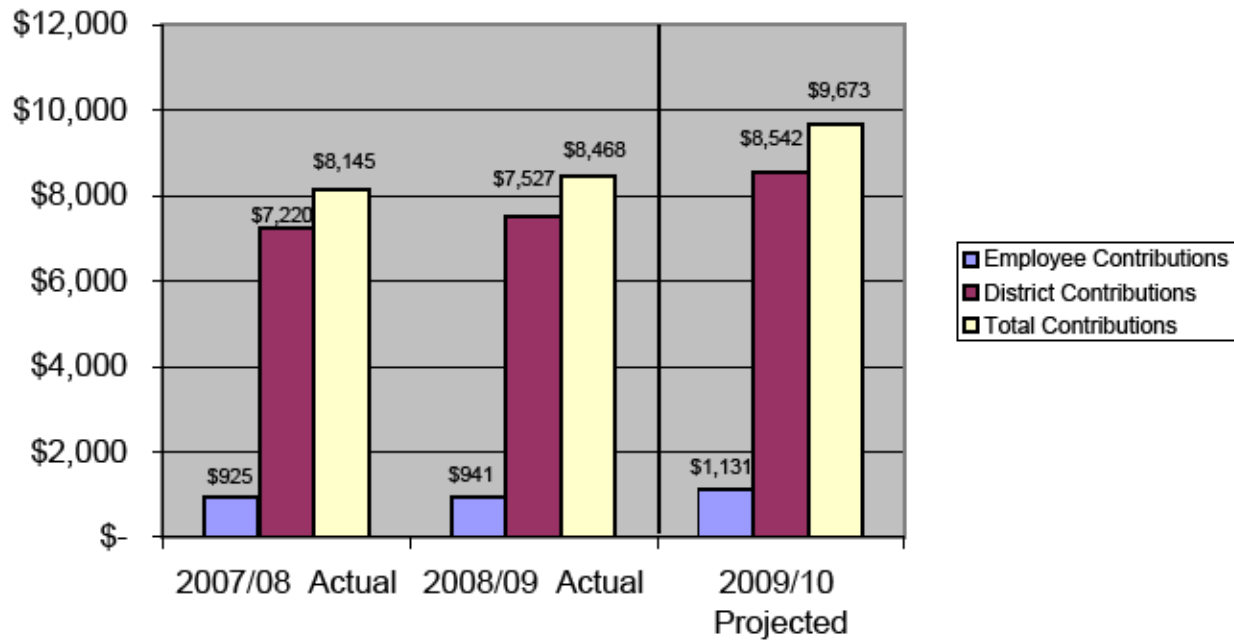
AREAS OF SPECIAL INTEREST

SPECIAL EDUCATION FUNDING



GOVERNING BOARD BUDGET ADOPTION – JUNE 11, 2009

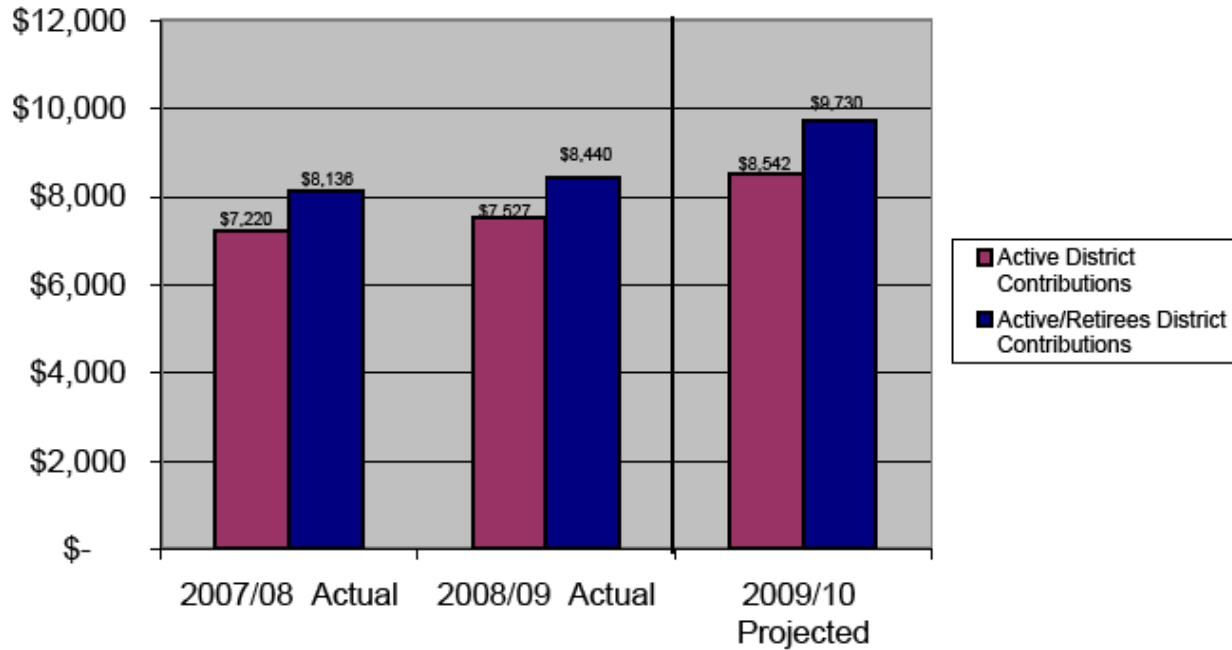
**Health & Welfare
Cost for Active Employees Per Employee
(Average of All Benefits)**



NOTE: FY 2009/10 assumes 4% increase for dental and a 14% increase for PacifiCare and Kiser plans effective 1/2010. Actual rates not available until August '09.

GOVERNING BOARD BUDGET ADOPTION – JUNE 11, 2009

Health & Welfare
Cost of Active Employees & Retirees Per Employee
(Average of All Benefits)

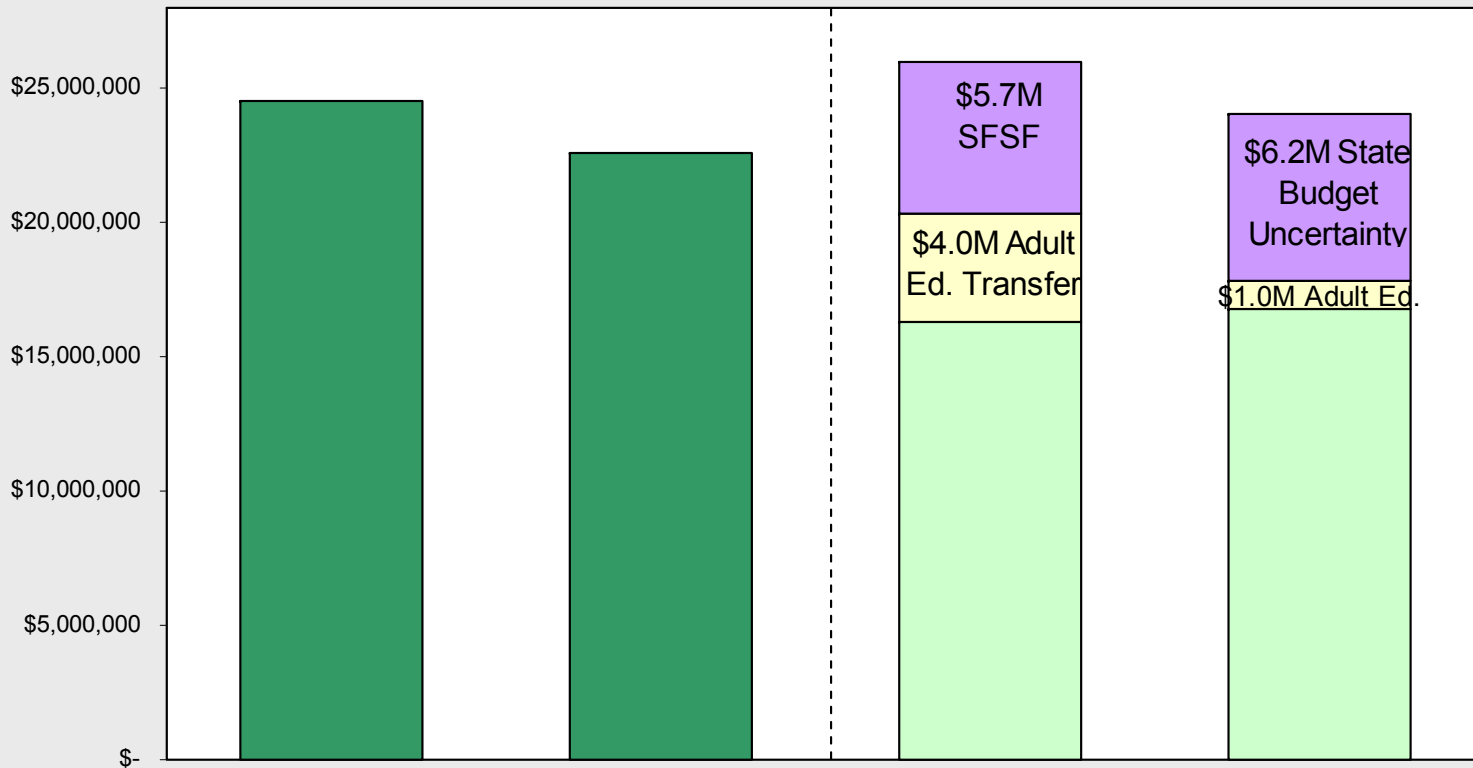


NOTE: FY 2009/10 assumes 4% increase for dental and a 14% increase for Kaiser and PacifiCare plans effective 1/2010. Actual 2010 rates not available until August 2009.

ENDING BALANCES

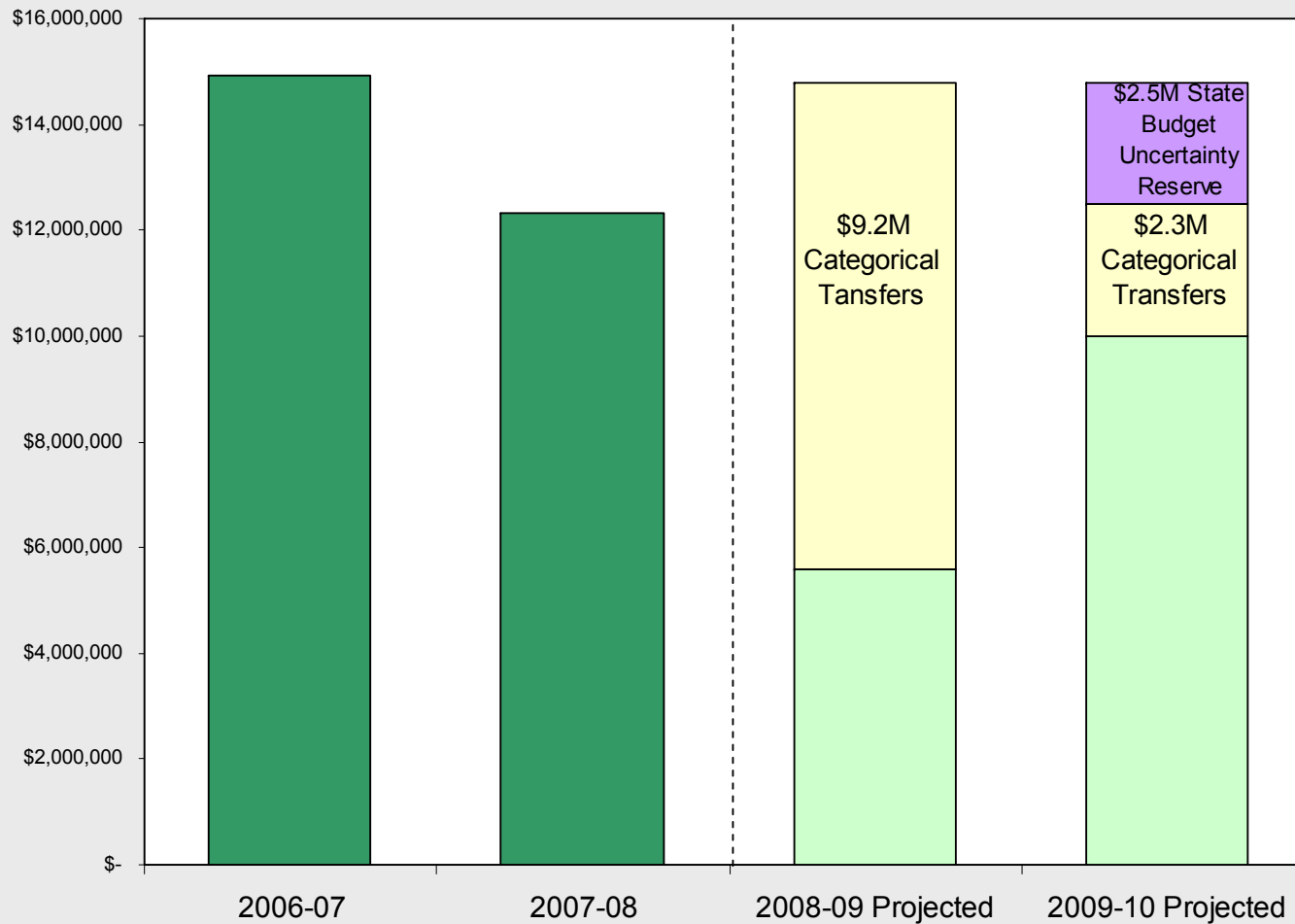
GENERAL FUND ENDING BALANCE

Based on Adopted State Budget (Before Governor's May Revise Cuts)



UNRESTRICTED ENDING BALANCE

Based on Adopted State Budget (Before Governor's May Revise Cuts)



GOVERNING BOARD BUDGET ADOPTION – JUNE 11, 2009

COMPONENTS OF UNRESTRICTED ENDING BALANCE

Fiscal Year	2006/2007	2007/2008	2008/2009 (Est.)	2009/2010 (Est.)
Economic Uncertainties (3%)	\$6,466,428	\$5,745,553	\$5,744,492	\$5,536,110
Revolving Cash	60,000	60,000	60,000	60,000
Stores	236,771	223,123	240,587	240,587
Prepaid Insurance	271,903	368,081	368,081	368,081
Student System	1,012,774	766,337	572,222	421,226
Budget Flexibility Reserve	373,520	2,616,371	1,862,177	1,167,382
Mandated Cost Reserve	3,333,114			
Vacancy Savings Reserve			279,890	1,399,458
Capital Equipment/ Outlay Reserve	1,250,574	168,395	65,395	

GOVERNING BOARD BUDGET ADOPTION – JUNE 11, 2009

COMPONENTS OF UNRESTRICTED
ENDING BALANCE—CONT.

Fiscal Year	2006-2007	2007-2008	2008-2009 (Est.)	2009-2010 (Est.)
Budget Projected Unexpended Amount			2,500,000	2,500,000
Prop H Teacher Moves	68,025	45,234		
MAA		911,009	423,519	423,519
Attendance Incentive		150,000		

GOVERNING BOARD BUDGET ADOPTION – JUNE 11, 2009

**COMPONENTS OF UNRESTRICTED
ENDING BALANCE—CONT.**

Fiscal Year	2006-2007	2007-2008	2008-2009 (Est.)	2009-2010 (Est.)
Mandated Costs				
Purchase Orders	\$298,590	\$99,450	TBD	TBD
Standard Insurance			215,269	215,269
School Carryover	654,346	633,287	TBD	TBD
Program/Dept. Carryover	453,380	381,556	TBD	TBD
School Lottery	66,247	118,759	TBD	TBD
Local Grants	129,982	44,477		
All Other	244,503			
State Budget Adopt. Uncertainty Reserve			2,452,431	2,452,431
Undesignated				
Total	\$14,920,157	\$12,331,632	\$14,784,063	\$14,784,063

COST OF 1% SALARY/BENEFITS

GOVERNING BOARD BUDGET ADOPTION – JUNE 11, 2009

**2009-2010 GENERAL FUND COST FOR
1% BY BARGAINING UNIT**

Bargaining Unit	Salaries⁽¹⁾	Benefits	Cost of 1%
CSEA	\$253,046	\$ 59,643	312,689
SEIU	35,385	8,340	43,725
GEA	684,598	86,259	770,857
Confidential	6,791	1,601	8,392
Classified Supervisor	12,761	3,008	15,769
Management	<u>100,898</u>	<u>16,006</u>	<u>116,904</u>
Totals	\$1,093,479	\$174,857	\$1,268,336

(1) Salaries are based on projections as of April 1, 2009.
Does not include Helix Charter, Steele Canyon Charter
or Adult Ed.

CONCLUSION

- Recommend Adoption of FY 2009/10 Budget as Proposed
- Budget is Balanced For Now
- Risks
 - Governor's Proposals to Further Reduce Funding
 - Use of Reserves and Other One-Time Money
- Will Need to Amend Budget Soon to React to State Budget Actions