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# Grossmont Union High School District

*February 5, 2009*

## Governing Board Budget Workshop

*Fiscal Years 2008/09*

*&*

*2009/10*

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# Agenda

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- I. Review of First Interim Conclusions  
& Budget Calendar
- II. Statement of the Problem
- III. Guiding Principles Review
- IV. Review of Plan for Use of Reserves
- V. Governor's Revenue Proposals
- VI. Governor's Flexibility Proposals
- VII. FY 2008/09
  - Projections of Potential Mid-Year Impacts
  - Potential Actions to Offset Mid-Year Impacts
- VIII. FY 2009/10
  - Projections of Potential Impacts
  - Potential Actions to Offset Impacts
- XI. Second Interim Financial Report

## FY 2008/09 First Interim Report Conclusions (*As of 12/11/08*)

- Recommend Positive Certification That District Will Meet its Financial Obligations
- State Budget Impact Unknown at this Time (To Both Current Year 08/09 and Budget Year 09/10)
- Will Require Proactive Decision Making to Resolve Deficits

# The Process

- ✓ 1. First Interim Forecast to Governing Board on December 11
- ✓ 2. Get the Governor's Budget January 13
- ✓ 3. Update Forecast
- ★ 4. Reaffirm District Priorities
- ★ 5. Develop a Solution: (Based on Governor's Proposals)
  - Near Term Spending Restrictions
  - Use Proposed Flexibility & Other Provisions
  - Use of Reserves
  - Budget Cuts

# Budget Development Calendar

## FY 2009/10 Budget Calendar

- ✓ December 11, 2008      First Interim and Preliminary Forecast for 2009/2010
- ✓ January 13, 2009      Governors Budget Workshop
- ✓ January 15              Board Meeting—Presentation of November Financial Statements and report of 2007/08 Audit
- ★ February 5              Board Budget Workshop
- February 6                Enrollment Projections for 2009/10
- January 20 – May 18      Budget Meetings with Cabinet, Stakeholder Groups, Labor Associations

## FY 2009-10 Budget Calendar

*Continued*

- |             |                                                                                                                        |
|-------------|------------------------------------------------------------------------------------------------------------------------|
| February 12 | Board Meeting—Presentation of December Financial Statements                                                            |
| February 18 | Distribute Budget Development Information for all Responsibility Code Holders                                          |
| March 5     | Special Board Meeting--Budget                                                                                          |
| March 12    | Board Meeting—Presentation of January Financial Statements and Approval of Second Interim Financial Report for 2008/09 |
| March 15    | Last Date by Which Certificated Employees Must be Notified of Possible Layoff (Ed Code §44949)                         |
| March 17    | Budgets are Due from Sites and Departments to Fiscal Services                                                          |

## FY 2009/10 Budget Calendar

*Continued*

April, May	Interim Audit Visits from Independent Auditors for 2008/09
April 1 – 14	Board Budget Workshop (Date TBD)
April 2	Human Resources Completes all Updates and Corrections to Escape Personnel Module
April 2	Board Meeting—Presentation of February Financial Statements
April 14	Monthly Salary and Benefit Projections Complete
May 4 – 19	Board Budget Workshop (Date TBD)

## FY 2009/10 Budget Calendar

*Continued*

- |            |                                                          |
|------------|----------------------------------------------------------|
| May 4      | Fiscal Services Complete Revenue and Expense Projections |
| May 14     | Board Meeting—Presentation of March Financial Statements |
| May 15     | May Revise of Governor's Budget Proposal                 |
| May 20, 21 | May Revise Conference                                    |
| May 22     | Update Enrollment Projections for 2009/10                |

## FY 2009/10 Budget Calendar

*Continued*

May 26-29	2009/10 Budget Adoption Preview
June 3	Final Budget to Print
June 4, 5	Final Budget Available for Public Inspection
June 5	Final Budget Submitted for Inclusion in the June Governing Board Meeting
June 11	Adopted Budget Presented to Governing Board for Approval and Presentation of April Statements
June 30, 2009	Legislature Approves and Adopts the State Budget for 2009/10

## FY 2009/10 Budget Calendar

*Continued*

July 9	Board Meeting—Presentation of May Financial Statements
July – August	Close District Financial Books for 2008/09
September 8	School Staffing and Supply Allocations Finalized Based on the End of the Third Week of School
September 10	Board Meeting—Presentation of June Financial Statements and Approval of 2008/09 Unaudited Actuals in Sacs Format
September/ October	Independent Auditors Complete Audit Process for 2008/09

## FY 2009/10 Budget Calendar

*Continued*

October 8	Board Meeting—Presentation of August Financial Statements
November 12	Board Meeting—Presentation of September Financials and Approval of Revised Budget for 2009/10
December 3	Staffing Allocations for Second Semester Adjusted Based on Enrollment at November 30, 2009
December 10	Board Meeting—Presentation of October Financial Statements and Approval of First Interim Financial Report for 2009/10

# Statement of the Problem

# Governor's Proposed Budget January 2009

## FY 2008/09

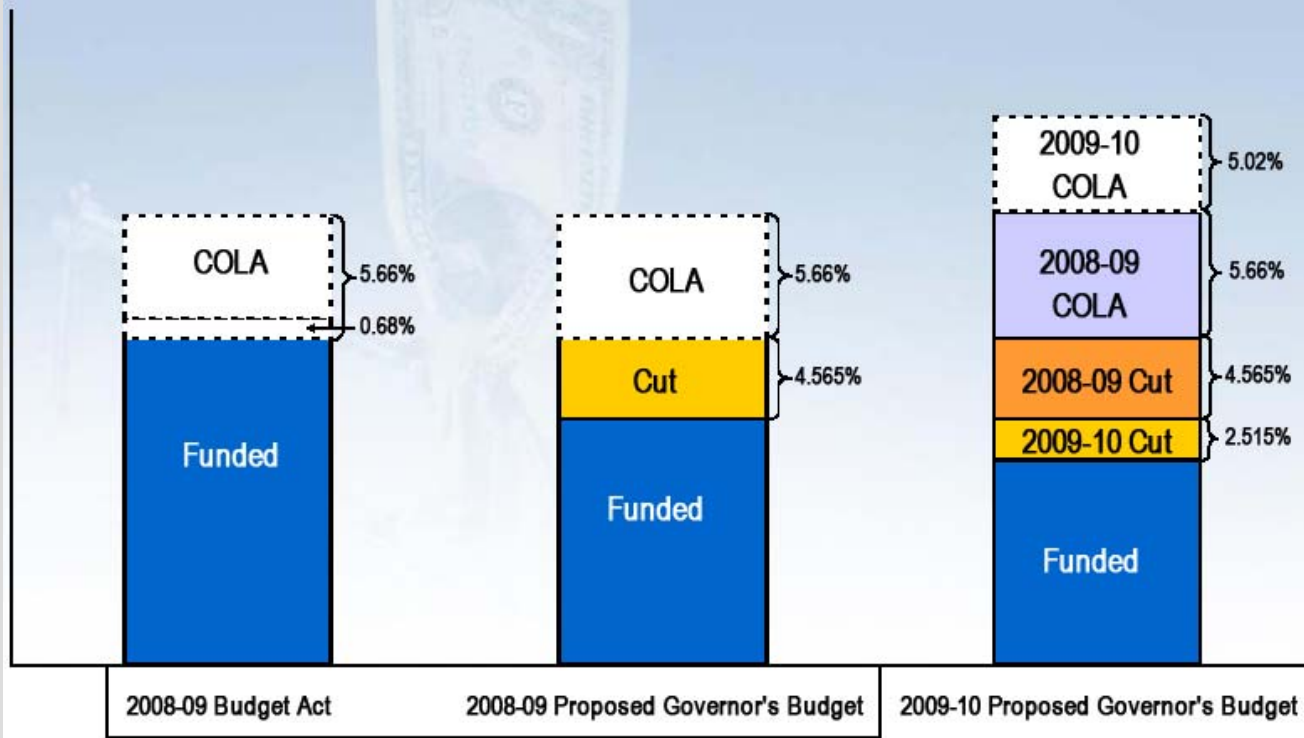
- Elimination of the .68% COLA
- Additional Reduction in Revenue Limit by 4.5%
- Deferral of Apportionment Payments into FY 2009/10

## FY 2009/10

- Continue the 4.5% Cut
- Eliminate the Statutory 5.02% COLA
- Further Reduce the Revenue Limit by Another 2.5%  
(Tied to Shorter School Year)

2008-09 and 2009-10 K-12 Revenue Limits

C-14



# The Unfortunate Reality

- Districts must base their budget planning on the Governor's January Budget Proposal  
and
- Districts must take action before the final state budget is known

*However!*

Things can and will change so we must be able to react!

# Guiding Principles Review

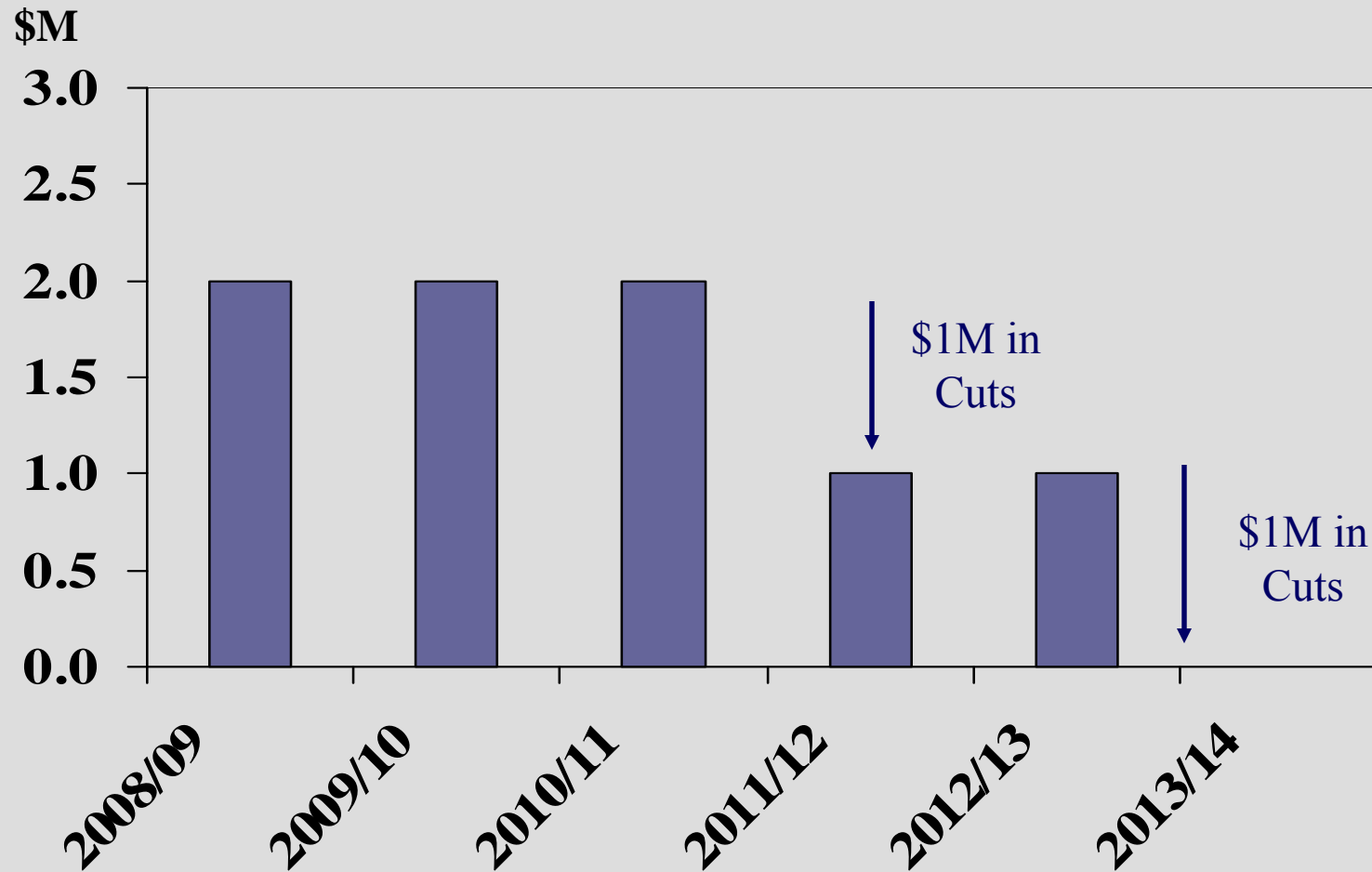
# Proposed Guiding Principles

*(As confirmed at the May 28, 2008, Board Budget Workshop)*

- 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

# Review of Plan for Use of Reserves

## Use of Reserves--\$8M



# Governor's Revenue Proposals

GOVERNING BOARD BUDGET WORKSHOP – FEBRUARY 5, 2009

Proposal	2008-09 (in millions)	2009-10 (in millions)
Temporary 1.5¢ Sales and Use Tax	\$2,350	\$7,114
Broaden Sales Tax Base	272	1,154
“Nickel-per-Drink” Alcoholic Beverage Tax	244	585
9.9% Oil Severance Tax	358	855
Reduce Dependent Exemption Credit	--	1,440
Increase Vehicle Registration Fees	92	359
Special Fund Transfers and Loans	298	94

# Governor's Flexibility Proposals

# Governor's Flexibility Proposals

- Ability to Transfer State Categorical Funding to the Unrestricted General Fund (one-time and ongoing)
- Lifting of Statutory Requirement for Most Categorical Programs (Example: Eliminating 20:1 Ninth Grade CSR Caps)
- Eliminate Deferred Maintenance Match Requirement
- Reduce Routine Restricted Maintenance Set Aside Requirement from 3% to 1%
- Cut Budget Reserve Requirements in Half
- Permit Schools to Drop from a Minimum of 180 Days to 175 Days

# Fiscal Year 2008/09

- Projections of Potential Mid-Year Impacts
- Potential Actions to Offset Mid-Year Impacts

## 2008-2009 Potential Mid-Year Impacts

<u>Governor's Budget</u>	<u>(\$ M)</u>
Eliminate .68% COLA	
18,660 ADA X \$46 =	(\$ .9)
Further Reduction to Revenue Limit (4.5%)	
18,660 X \$305 =	( 5.7)
Subtotal	<u>(\$ 6.6)</u>
 <u>Potential District Impacts</u>	
Special Ed Over-Run	( .8)
Medi-Cal Revenue Decrease (two-year impact)	( .8)
Subtotal	<u>(\$1.6)</u>
Total Potential Impacts	<u><u>(\$8.2)*</u></u>

\*Risk: ADA

## Potential Actions to Offset 2008-09 Mid-Year Impacts

	<u>(\$ M)</u>
<ul style="list-style-type: none"> <li>▪ Eliminate Reserve for State Budget Uncertainties</li> </ul>	\$ 1.1
 <u>Governor's Budget Flex Proposals</u>	
<ul style="list-style-type: none"> <li>▪ Skip Deferred Maintenance Contribution for 2008/09</li> </ul>	1.1
<ul style="list-style-type: none"> <li>▪ Categorical Transfer Flexibility</li> </ul>	<u>6.0</u>
Total	<u><u>\$ 8.2</u></u>

# Fiscal Year 2009/10

- Projections of Potential Impacts
- Potential Actions to Offset Impacts

## 2009-2010 Potential Impacts

<u>Governor's Budget</u>	<u>(\$ M)</u>
▪ Ongoing Revenue Limit Cut from 2008-09	( 6.6)
▪ Further Reduction to Revenue Limit (2.5%) (18,660 X \$160)	( 3.0)
Subtotal	<u>(\$9.6)</u>
<u>District Impacts</u>	
▪ Projected Deficit at First Interim	( 1.3)
▪ Special Ed Over-Run Continue	( .8)
▪ Medi-Cal Revenue Decrease Continue	( .4)
▪ Learning Center Expansion	( .6)
Subtotal	<u>( 3.1)</u>
Total	<u><u>(\$12.7)</u></u>

## 2009-2010 Potential Actions to Offset Impacts

<u>Allowable Under Governor's Budget</u>	<u>(\$ M)</u>	<u>FTE</u>	<u>Initial Recommendation</u>
▪ Skip Deferred Maintenance Contribution (09/10)	\$ 1.1		X
▪ Permanent Categorical Transfers	2.0		
▪ Eliminate Ninth Grade CSR	2.2	37	
▪ Reduce School Year by Five Days*	3.0		X
▪ Reduce RRMA 25% (25% = \$1.0M)	1.0	TBD	

*\*Subject of Negotiation*

## 2009-2010 Ideas to Offset Impacts-Continued

<u>District Level</u>	<u>(\$ M)</u>	<u>FTE</u>	<u>Initial Recommendation</u>
▪ Homestead/Frontier SRO	\$ .15		X
▪ Skip GASB 45 Liability Funding	.2		
▪ Eliminate Hourly (Tutorial) Program Deficit	.2		X
▪ Consolidate Summer School Sites	.05		
▪ Reduce School Formula \$ Allocations by \$5/Student (From \$55 to \$50)	.1		X
▪ Eliminate District contribution for Officials' Fees (ASB)	.13		
▪ Convert Site 12-Month Staff to 11-Month*	.6		
▪ Close Schools Last Two Weeks of July*	.3		

*\*Subject of Negotiation*

## 2009-2010 Ideas to Offset Impacts-Continued

	(\$ M)	FTE	Initial Recommendation
■ Reduce Release Periods*			
--Department Chairs	.6		
--Athletic Directors	.1		
■ Health & Welfare Benefits Restructuring*	TBD		
--Un-blend Active and Retiree Rates <i>(Full year =\$1.0M)</i>			
--Increase Employee Contributions <i>(Each 10% = \$1.5M for full year)</i>			
--Eliminate PacifiCare “Full Network” Program <i>(Full Year = \$.1M)</i>			
■ Freeze Step and Column*	.9		
■ Furloughs on Top of Five Days*	TBD		

\*Subject of Negotiation

## 2009-2010 Ideas to Offset Impacts-Continued

	(\$ M)	FTE	Initial Recommendation
▪ Salary Roll-backs (1%=\$1.3M)*	TBD		
▪ Special Ed Reductions	.7	TBD	X
▪ Medi-Cal Reductions	.4	6	X
▪ Eliminate Over-Formula Positions	.2	2	
▪ Cut 2008/09 Restored Positions	.5	8	
▪ Additional Central Office Cuts	.4	5	
▪ Classified Positions ( <i>Each 1/Site = \$.45M</i> )	TBD	TBD	
▪ Non-Classroom Certificated Staff ( <i>Each 1/Site = \$. 9M</i> )	TBD	TBD	
▪ Reduce Site Administration ( <i>Each 1/Site = \$1.0M</i> )	TBD	TBD	

*\*Subject of Negotiation*

## 2009-2010 Ideas to Offset Impacts-Continued

	(\$ M)	FTE	Initial Recommendation
▪ Raise Class Size ( <i>Each 1 Student = \$1.0M</i> )	TBD	TBD	
▪ Eliminate Home-to School Transportation	.15	4	
▪ Eliminate .5 FTE Intervention	.34	5	

*\*Subject of Negotiation*

# 2008/09 Second Interim Financial Report

# FY 2008/09 Second Interim Financial Report

- Due March 15, 2009
- Question all Districts Are Facing  
Certify:  
Positive *or* Qualified?
- Grossmont Can Certify Positive if:
  - Financial Plan is in place
  - and*
  - Actions are being taken