

---

# Grossmont Union High School District

*February 12, 2008*

## Governing Board Budget Workshop

*Fiscal Year 2008/09*

---

# Agenda

---

- I. Review of First Interim Conclusions & Budget Calendar
- II. Statement of the Problem
- III. Guiding Principles Review
- IV. Updated Projections
- V. Use of Reserves
- VI. Initial List of Recommended Actions (Tier I)
- VII. Discussion of Additional Actions As Necessary (Tier II)
- VIII. Second Interim Financial Report

## FY 2007/08 First Interim Report Conclusions (*As of 12/13/07*)

- Recommend Positive Certification That District Will Meet its Financial Obligations
- State Budget Impact Unknown at this Time
- Will Require Proactive Decision Making to Resolve Deficits

# What Do We Do?

- ✓ 1. First Interim Forecast to Governing Board on December 13
- ✓ 2. Get the Governor's Budget January 10
- ✓ 3. Update Forecast
- ★ 4. Reaffirm District Priorities
- ★ 5. Develop a Solution:
  - Near Term Spending Restrictions
  - Use of Reserves
  - Raise Revenues?
  - Budget Cuts

# Budget Development Calendar

# FY 2008/09 Budget Calendar

- ✓ December 13, 2007 First Interim and Preliminary Forecast for 2008/09
- ✓ January 16, 2008 Governor's Budget Workshop
- ✓ January 17 Board Meeting—Presentation of November Financial Statements and Report of 2006/07 Audit
- ★ February 12 Board Budget Workshop
- February 15 Enrollment Projections for 2008/09
- February 4 – May 19 Budget Meetings with Cabinet, Stakeholder Groups, Labor Associations

## FY 2008/09 Budget Calendar—Cont.

February 19	Distribute Budget Development Information for all Responsibility Code Holders
February 21	Board Meeting—Presentation of December Financial Statements
March 5?	Special Board Meeting (Date TBD)
March, April	Interim Audit Visits from Independent Auditors for 2007/08
March 13	Board Meeting—Presentation of January Financial Statements and Approval of Second Interim Financial Report for 2007/08

## FY 2008/09 Budget Calendar—Cont.

- |              |  |
|--------------|--|
| 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                                  |
| April 1 – 14 | Board Budget Workshop (Date TBD)   |
| April 2      | Human Resources Completes all Updates and Corrections to Escape Personnel Module               |
| April 10     | Board Meeting—Presentation of February Financial Statements                                    |
| April 14     | Monthly Salary and Benefit Projections Complete 8  |

## FY 2008/09 Budget Calendar—Cont.

- |            |   |
|------------|---|
| May 1 – 14 | Board Budget Workshop (Date TBD)                          |
| May 8      | Fiscal Services Completes Revenue and Expense Projections |
| May 8      | Board Meeting—Presentation of March Financial Statements  |
| May 15     | May Revise of Governor’s Budget Proposal                  |
| May 22     | May Revise Conference                                     |
| May 23     | Update Enrollment Projections for 2008/09                 |
| May 30     | Update 2008/09 Budget Based on May Revise                 |

## FY 2008/09 Budget Calendar—Cont.

June 2	Final Budget to Print
June 5, 6	Final Budget Available for Public Inspection
June 5	Final Budget Submitted for Inclusion in the June Governing Board Meeting
June 12	Adopted Budget Presented to Governing Board for Approval and Presentation of April Financial Statements
June 30, 2008	Legislature Approves and Adopts the State Budget for 2008/09

## FY 2008/09 Budget Calendar—Cont.

July 10	Board Meeting—Presentation of May Financial Statements
July – August	Close District Financial Books for 2007/08
September 9	School Staffing and Supply Allocations Finalized Based on the End of the Third Week of School
September 11	Board Meeting—Presentation of June Financial Statements and Approval of 2007/08 Unaudited Actuals in SACs Format
September/ October	Independent Auditors Complete Audit Process for 2007/08

## FY 2008/09 Budget Calendar—Cont.

October 9	Board Meeting—Presentation of August Financial Statements
November 13	Board Meeting—Presentation of September Financials and Approval of Revised Budget for 2008/09
December 3	Staffing Allocations for Second Semester Adjusted Based on Enrollment at November 28, 2008
December 11	Board Meeting—Presentation of October Financial Statements and Approval of First Interim Financial Report for 2008/09

# Statement of the Problem

# Governor's Proposed Budget January 2008

## FY 2007/08

Could Reduce Revenue Limit by .5% if State Unable to Find the \$400 Million Without Impacting LEAs  
*(Recent News from Sacramento: Encouraging?)*

## FY 2008/09

- Reduces Revenue Limit by 2.5% (Unrestricted)
- Reduces Categoricals by 6.5% (Restricted)

# 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

# Guiding Principles Review

# Proposed Guiding Principles

- Focus Resources on Student Achievement
- Provide Appropriate & Affordable Employee Compensation
- Maintain Reserve for Economic Uncertainties at 3% or Greater
- Maintain Restricted Maintenance Account at 3% or Greater
- Deficit Spending in Two Consecutive Years Should be Avoided
- Fiscal Restraint on Current Spending and Aggressive Pursuit of Revenue Enhancements
- 
- 
-

# Updated Projections

# ADA & Revenue Limit Comparison

--Combined Effects of Governor's Budget & Declining Enrollment--

	<b>FY 07/08</b>	<b>FY 08/09</b> <i>(Gov's Budget)</i>	<b>Decrease</b>
ADA	19,260*	18,611**	< 3.4%>
\$/ADA	\$ 6,689/ADA	\$ 6,528/ADA	< 2.4%>
	\$128.8M	\$121.5M	<\$7.3M>
			< 5.7%>

\*Based on FY 06/07

\*\* Based on FY 07/08

# FY 2007/08 First Interim Report (\$M)

*(As of October 2007)*

---

## General Fund Summary

	<u>FY 2007/08</u>	<u>FY 2008/09</u>
Revenue	\$188.3	\$191.7
Expenditures	186.9	193.7
	<hr/>	<hr/>
= Surplus/(Deficit)	\$ 1.4	<\$ 2.0>

# FY 2007/08 First Interim Report (\$M)

*(As of January 2008)*

---

## General Fund Summary

	<u>FY 2007/08</u>	<u>FY 2008/09</u>
Revenue	\$189.8	\$179.6
Expenditures	<u>192.2</u>	<u>193.7</u>
= Surplus/(Deficit)	<\$ 2.4>	<\$ 14.1>

# Update per Governor's Budget (\$M)

*(As of January 2008)*

## Unrestricted Only

	<u>FY 2007/08</u>	<u>FY 2008/09</u>
Revenue	\$113.0	\$104.2
Expenditures	<u>115.4</u>	<u>116.0</u>
= Surplus/(Deficit)	<\$ 2.4>	<\$ 11.8>

# Use of Reserves

# District Ending Balances & Reserves

## Ending Balance ≠ Reserves

Ending Balances as Reported June 30, 2007

<b>Fund Name</b>	<b>Fund #</b>	<b>Amount</b>
General Fund Unrestricted	01	\$14.9M
Special Reserve Fund (Mandate \$)	17	11.2M
Special Reserve for Post Empl. ( <i>GASB 45</i> )	20	1.3M
Special Reserve for Capital	40	8.3M
<b>Total</b>		<b>\$35.7M</b>

# What is a “Good” Reserve Level?

- It Depends . . .
  - Size of District
  - Growing/Stable/Declining
  - State of the State
  
- Reasonable Range: 5 – 8%

# Sorting Out “Unrestricted” Reserves

■ Start with 06/30/07 Ending Balance		\$35.7M
■ Subtract Out Designated Items		
– State Required Reserves	<\$7.0>	
– Facilities Projects (see detail)	<4.9>	
– Redevelopment Agency Funds	<3.4>	
– GASB 45 Funding	<1.3>	
– Student System Funding	<1.0>	
– “Carryovers” Rebudgeted	<2.4>	
	<hr/>	
	<20.0>	
■ Equals “Unrestricted” Reserves at 06/30/07		\$15.7M

**Facilities Projects Detail** *(Reference)*

OCR/Americans w/ Disabilities	\$1,413,536
Field/Track Grossmont	91,747
Granite Hills Pool House	78,955
CBOC Support	247,100
Santana Field Project	318,876
Valhalla Field Project	(239,726)
Emergency Server Room – IT	548,740
Steele Canyon Field Project	(74,671)
Facilities Projects	1,243,045
Athletic Facilities Replacement – Safety	<u>1,270,398</u>
	Total \$4,898,000

# Unrestricted Reserve Allocation

---

• Buy Out Early Retirement Program	\$ 1.0 M
• Replenish Facility Safety Reserve	1.0
• Soft Landing Proposal (“Planned” Use)	8.0
– Declining Enrollment	
– State Revenue Woes	
• Hedge (“Unplanned” Use)	5.7
– Maintain 6% Unrestricted Reserve when combined with State Required	
Total	\$15.7 M

## Soft Landing Proposal - \$8M

*Combine Use of Reserves with Budget Reductions to  
Resolve Deficits*

	<u>08/09</u>	<u>09/10</u>	<u>10/11</u>	
First Interim Projected Deficit	<\$2.0>	<4.4>	?	
State Budget Impact	?	?	?	
<hr/>				
Reserve "Infusion"				
08/09	\$2.0	\$2.0	\$2.0	
09/10	<u>          </u>	<u>  1.0  </u>	<u>  1.0  </u>	
	\$2.0	\$3.0	\$3.0	→ \$8.0 M
Budget Reductions to Balance Budget	?	?	?	

# Soft Landing Proposal - \$8M: UPDATE

*Combine Use of Reserves with Budget Reductions to Resolve Deficits*

	<u>08/09</u>	<u>09/10</u>	<u>10/11</u>
First Interim Projected Deficit	<\$2.0>	<4.4>	?
<u>State Budget Impact</u>	<u>&lt;9.8)</u>	<u>&lt;9.2&gt;</u>	?
<b>Revised Projected Deficit</b>	<b>&lt;11.8&gt;</b>	<b>&lt;13.6&gt;</b>	
<hr/>			
Reserve "Infusion"			
08/09	\$2.0	\$2.0	\$2.0
09/10		1.0	1.0
	<u>\$2.0</u>	<u>\$3.0</u>	<u>\$3.0</u> → \$8.0 M
Budget Actions to Balance Budget	<u>9.8</u>	<u>10.6</u>	?
<b>Total</b>	<b>11.8</b>	<b>13.6</b>	<b>30</b>

# Initial Recommended Actions (Tier I)

# Revenue Initiatives

*(Affects FY 2009/10 Funding Under Declining Enrollment Formula)*

---

Drop Out Recovery <i>(150 ADA Target)</i>	\$1.0 M
--	---------

Increase Attendance by .5% <i>(75 ADA Target)</i>	<u>.5 M</u>
--	-------------

<b>Total</b>	\$1.5 M
--------------	---------

---

# FY 2008/09 Budget Reduction Target

---

Unrestricted Only:

**\$9.8 Million**

(Assumes \$8.0 M Use of Reserves Plan  
over Three Years)

## FY 2008/09 Initial Recommended Actions (Tier I)

	Estimated Savings (Unrestricted)	Affects Current Staffing
1. Reduce Central Office	\$ 1.22 M	X
2. Implement Funding of one SRO by Healthy Students/Safe Schools Grant	.14	
3. Shift Funding of Pregnant Teen Program to CAL-SAFE Grant	.08	
4. Network E-Rate Savings Under New Contract	.15	
5. Shift Title II Funds to 9 <sup>th</sup> CSR Encroachment	.09	
6. Shift Relocatable Classroom Utility Costs to Prop H	.05	
7. Shift Appropriate Tech Services Costs to Prop H	.05	

**Initial Recommended Actions – Continued**  
*(Tier I)*

---

	Estimated Savings (Unrestricted)	Affects Current Staffing
8. Discontinue Water Savings Loan Payments from General Fund to Capital Fund for Santana & Valhalla Synthetic Turf Projects	\$ .03 M	
9. Delay Implementation of Individual Room Telephone Call-Out ID Feature	.06	
10. Eliminate Roving Custodial Crew (Vacant)	.30	
11. Reduce Legal Support Costs by 10%	.07	
12. Reduce Field Trip Allocations by 10%	.02	

---

## Initial Recommended Actions – Continued (Tier I)

---

	Estimated Savings (Unrestricted)	Affects Current Staffing
13. Implement Steele Canyon Related Reductions		
a. Restricted Maintenance down to 3% as General Fund Decreases	\$ .40 M	X
b. Reduce one Roving Gardener Position	.06	X
14. Eliminate “Over Formula” Positions	.90	X
15. Further Reduce Roving Gardener Positions from 11 to 9	.12	X
16. Reduce School Formula Monies by \$5/Student (from \$60 to \$55)	.10	
17. Raise Class Size by One	1.08	X

**Initial Recommended Actions – Continued**  
*(Tier I)*

	Estimated Savings (Unrestricted)	Affects Current Staffing
18. *Reduce Classified Work Years	\$ .05 M	
19. Eliminate Second Site Subs at All Sites	.10	X

\*Subject of Negotiation

**Initial Recommended Actions – Continued**  
*(Tier I)*

**Special Education State Funding Proposed to be Cut 6.5%!**

	Estimated Savings (Unrestricted)	Affects Current Staffing
20. Special Education		
a. Shift AB 825 Block Grant Funding to Special Ed. Transportation	\$ .10 M	
b. Raise SAI (LH Programs) Class Caseloads by Three Students	.36	X
c. *Reduction of Classified Work Years/Days	.29	
d. Reduction of Positions	.30	X
e. Program Reductions/Offsets	.45	
	\$6.57 M	

\*Subject of Negotiation

# FY 2008/09 Budget Reduction Target

---

■ Unrestricted Only:	\$9.8 M
■ If all Tier I Actions Approved	-6.6
	<hr/>
■ Additional Actions Needed	\$3.2 M

# One-Time Savings

	<u>Estimated One-Time Savings</u>
1. Freeze District Office Travel/Conference	\$ .02 M
2. Freeze Hiring Where Possible	.05
3. Mid-Year Budget Reductions/Spending Freeze	.50
4. Delay Bus Replacement Program Until 2009/10	.17
5. Delay Gym Floor Refinishing by One Year	.04
6. Delay Musical/Band Instrument Replacement by One Year	.10
7. Delay Band Uniform Replacements by One Year	.05
<b>Total One-Time</b>	<u>\$ .93 M</u>

Discussion of  
Additional Actions As  
Necessary  
*(Tier II)*

**FY 2008/09 Budget**  
**Discussion of Additional Required Action As Necessary**  
*(Tier II)*

---

	Estimated Savings <u>(Unrestricted)</u>	<u>Affects Current Staffing</u>
1. One Day Unpaid Leave:		
a. Mgt., Supv., Confidential	\$ .05 M	
b. *Certificated	.41	
c. *Classified	.16	
2. Reduce Professional Development Support Allocation 50%	.06	
3. *Reduce Work Years at School Site	.20	
4. Reduce District Support to Student Computer Program by 50%	.07	

\*Subject of Negotiation

---

**FY 2008/09 Budget**  
**Discussion of Additional Required Action As Necessary**  
*(Tier II)*

---

	Estimated Savings (Unrestricted)	Affects Current Staffing
5. Eliminate Ninth Grade CSR	\$ .41 M	X
6. Raise Class Size by an Additional One	.90	X
7. School Site Staffing Reductions—All Groups	4.59	X
8. *Reduce Release Periods	.67	X

**FY 2008/09 Budget**  
**Discussion of Additional Required Action As Necessary**  
*(Tier II)*

---

	Estimated Savings (Unrestricted)	Affects Current Staffing
9. Eliminate .5 Intervention FTE	\$ .34 M	X
10. Salary Actions:		
a. *Freeze Step/Column for One Year	2.07	
b. *Roll Back All Salaries by 1%	1.03	
	\$10.96 M	
<b>Total All Tier II</b>		

\*Subject of Negotiation

# 2007/08 Second Interim Financial Report

# FY 2007/08 Second Interim Financial Report

- Due March 15, 2008
- Question all Districts Are Facing  
Certify:  
Positive *or* Qualified?
- Grossmont Can Certify Positive if:
  - Financial Plan is in place
  - and*
  - Actions are being taken