

GROSSMONT UNION HIGH SCHOOL DISTRICT

August 26, 2009

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# Rebalancing the FY 2009/10 Budget

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# Agenda

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- I. WHERE ARE WE?
- II. FY 2009/10 REVISED STATE BUDGET
- III. DISTRICT REVENUES & DEFICITS
- IV. POTENTIAL ACTIONS TO OFFSET DEFICITS
- V. USE OF ONE-TIME DOLLARS IN BUDGET
- VI. NEXT STEPS

# WHERE ARE WE? A TIMELINE REVIEW

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- ☑ February 2009      State Adopts a "17 Month" Budget Through 06/30/10
- ☑ February – May 2009      District Develops Budget Plan That Resolves <\$23M> Deficit
- ☑ May 2009      Governor Proposes Additional Cuts to Education
- ☑ June 2009      District Adopts Budget Based on February "17 Month" State Budget
- ☑ July 2009      State Revises 2009/10 Budget Further Cutting Education

# WHERE ARE WE?

## A TIMELINE REVIEW *(Cont.)*

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August 2009

District Budget Workshop to Begin Addressing New <\$30M> Deficit Through 6/30/11 (Two Years)

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□ December 2009

District Must Submit Revised Rebalanced 2009/10 Budget at First Interim

□ June 2010

District Must Adopt Balanced Budget for 2010/11

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## FY 2009/10 Revised State Budget

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**HURT**

- ❑ "Recaptures" FY 2008/09 Prop 98 Over Appropriation by Sweeping Unallocated Categorical Balances and Then by Cutting FY 2009/10 Revenue Limit to Repay (\$1.6B)
  
- ❑ Increased Revenue Limit Deficit Factor  
--From <13.094>% to <18.355>%
  
- ❑ Cuts Home-to-School Transportation by 20%  
(Now a TIER III Program)
  
- ❑ Reduces District Revenue Limit to Fund FY 2009/10 QEIA Payments

# Revised State QEIA —A Complex Carbohydrate—

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- Step 1: State Removes its Funding for QEIA
- Step 2: State Cuts QEIA District Funding by Amount Necessary for QEIA
- Step 3: State Funds QEIA School with Step 2 \$
- Step 4: District May Apply for Federal Funds to Backfill Step 3 \$

## Issues

- Availability of Step 4 Backfill \$
  - District Loses Unrestricted \$ and May Get Back Restricted \$ (e.g., Title I)
  - May Constitute “Supplanting” in Fed’s Eyes
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## FY 2009/10 Revised State Budget *(Cont.)*

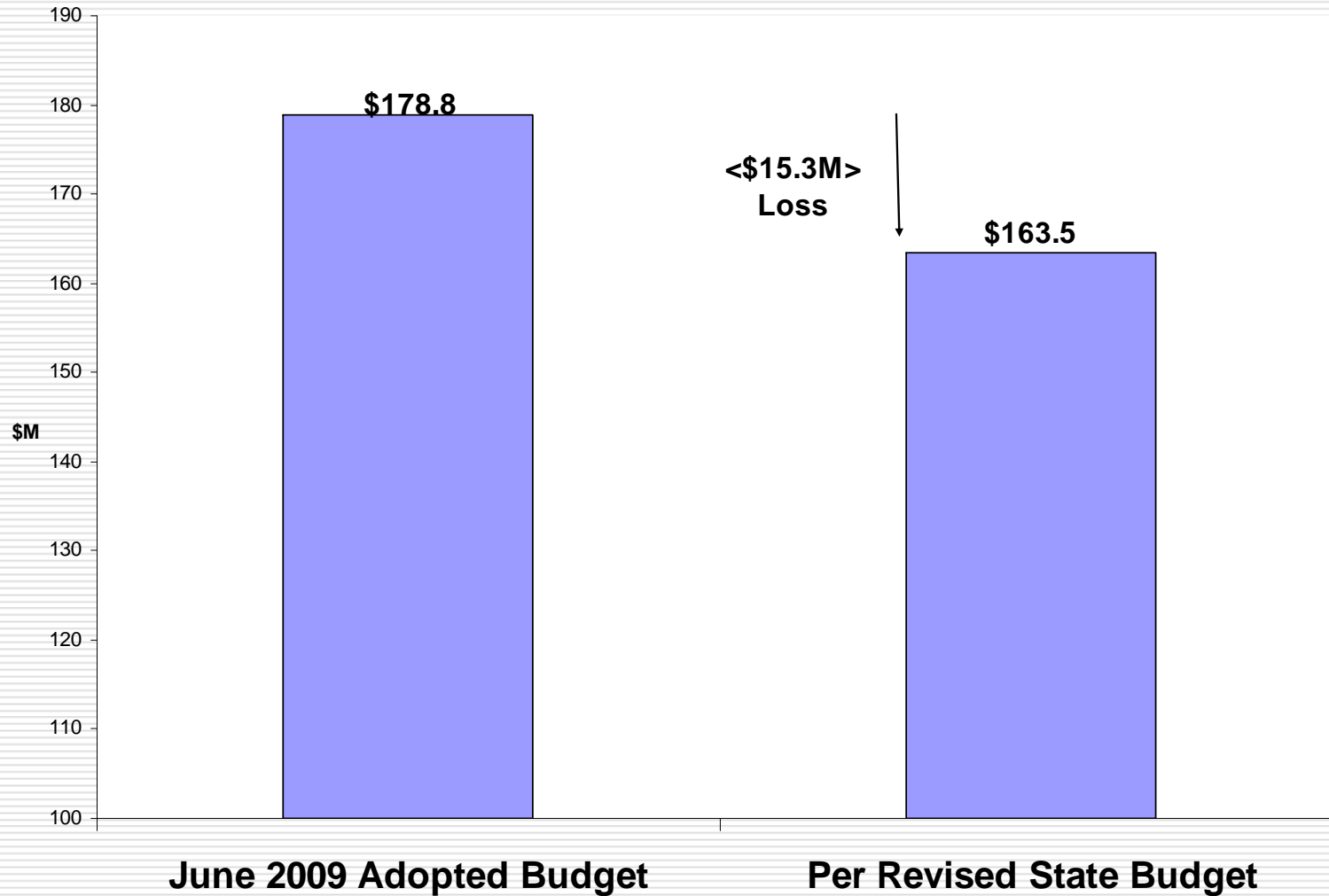
**HELP?**

- Adds More Programs to Categorical Ending Balance Sweep Flexibility
  - Adult Education
  - Deferred Maintenance
  - CAHSEE
  - Targeted Instructional Improvement Grants
  - Instructional Materials
  
- Textbook Adoptions are Deferred for Five Years
  
- Shortened School Year Option (Up to Five Days)
  
- May Reduce Routine Restricted Maintenance Contribution to Zero
  
- May Reduce Reserve for Economic Uncertainties to One-Third—  
But Must Partially Restore in 2010/11 and Fully Restore in 2011/12

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# DISTRICT REVENUES & DEFICITS

# FY 2009/10 General Fund Revenues



# General Fund Budget Deficits (\$M)

## A SOBERING REVIEW

	<u>08/09</u>	<u>09/10</u>	<u>10/11</u>
FY 2008/09 District Adopted Budget (June 2008)	<\$11.8>		
FY 2009/10 District Adopted Budget (June 2009)	<\$ 8.7>	<\$14.55>	<\$ 6.3>
Additional Deficits Caused By New State Budget	--	<\$15.3>	<\$ 8.0>
Deficits to be Resolved		<\$15.3>	<\$14.3>

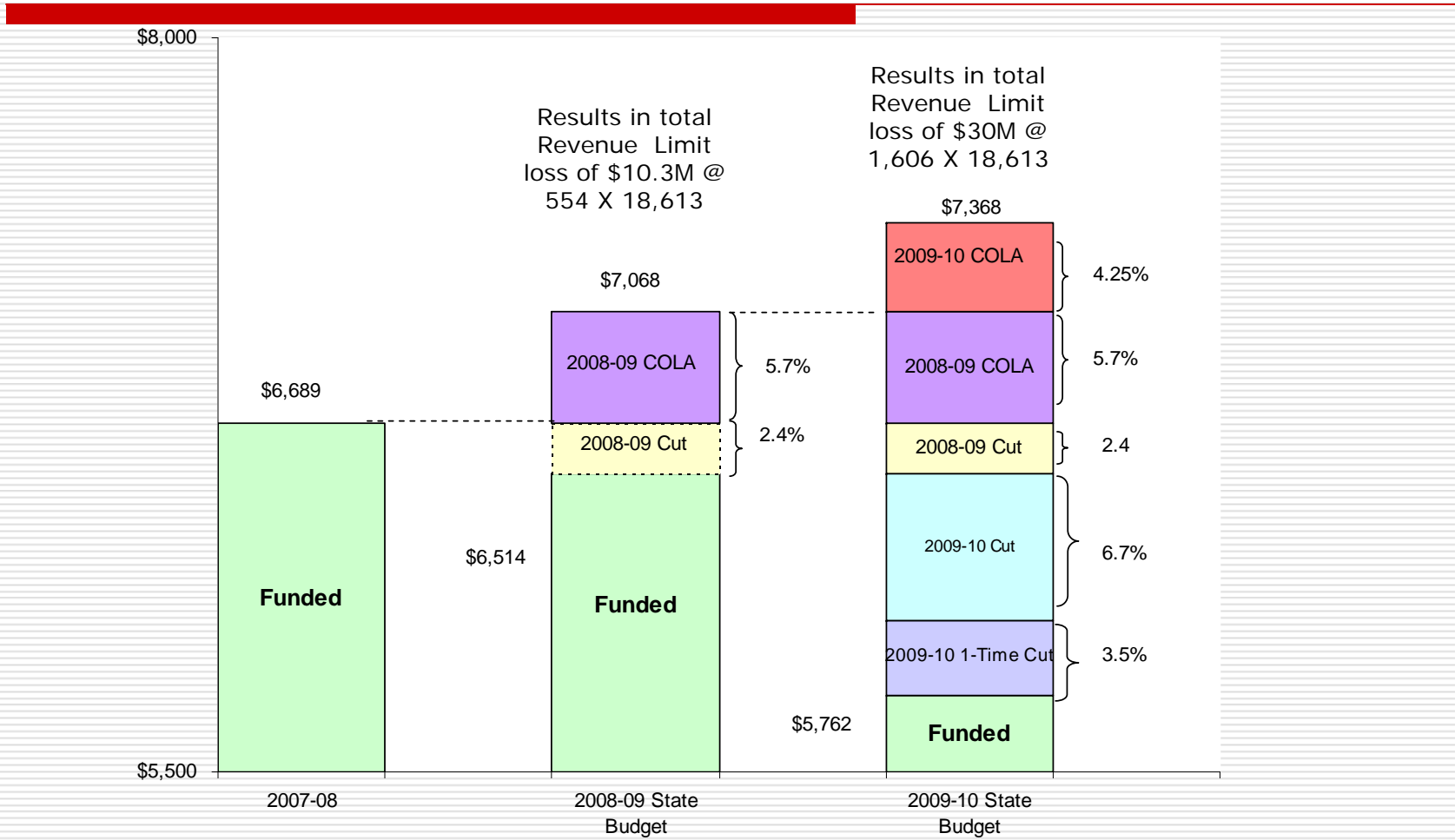
 - Previously Resolved

## Rebalancing the FY 2009/10 Budget--August 26, 2009

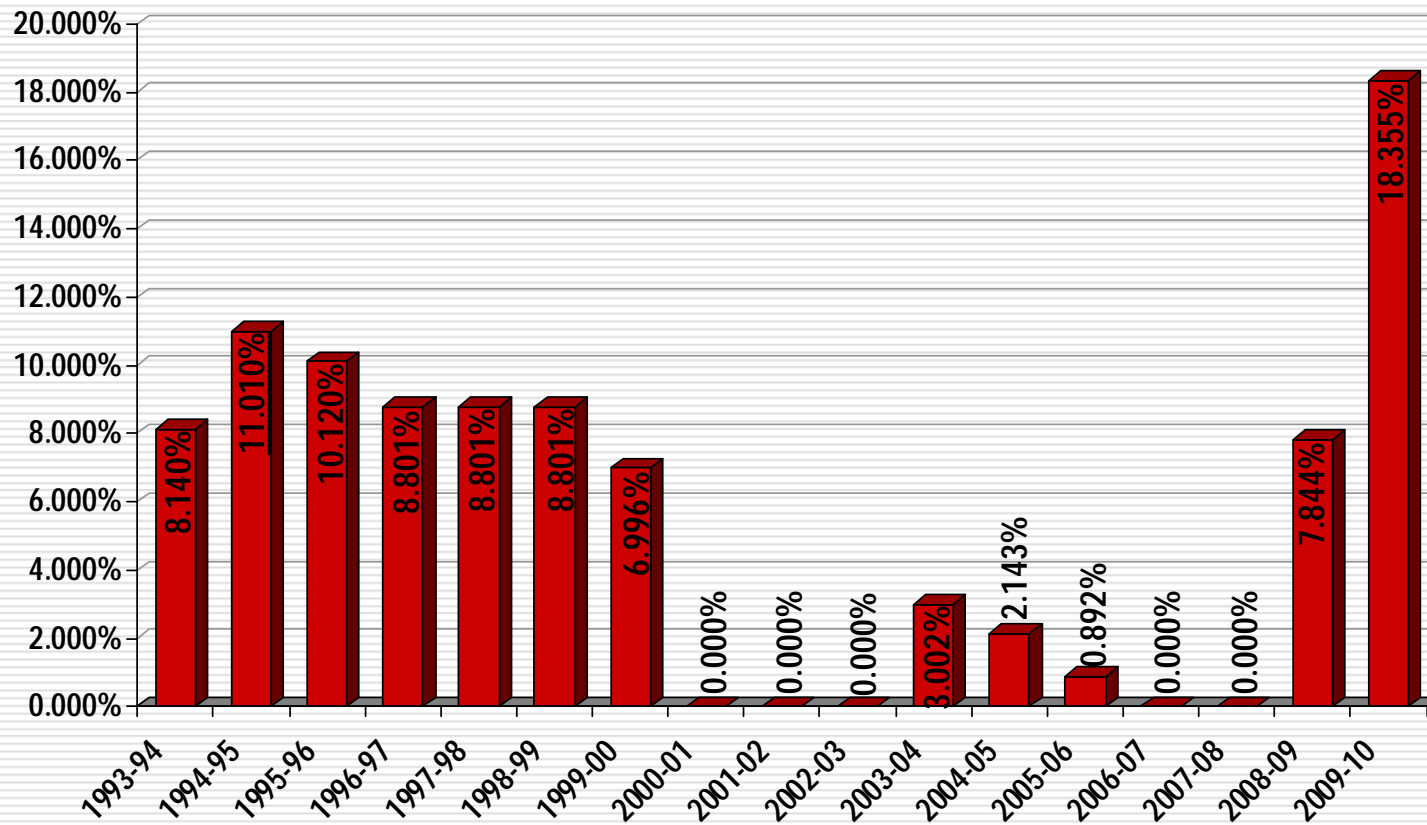
### 2009-2010 Unrestricted General Fund Impacts Caused by Revised State Budget (\$M)

	<u>One-Time</u>	<u>Ongoing</u>
1. "Recapture" of 2008/09 Prop 98 \$ \$254 X 18,613 ADA	<\$4.7>	
2. Reduction to 2009/10 Revenue Limit \$435 X 18,613 ADA		<\$8.1>
3. 20% Cut to Transportation Funding		<\$ .4>
4. Reduction to District Revenue Limit to Fund El Cajon Valley QEIA 2009/10 Payment	<\$2.1>	
Subtotal	<u>&lt;\$6.8&gt;</u>	<u>&lt;\$8.5&gt;</u>
Total Revenue Reduction		<u>&lt;\$15.3&gt;</u>

# 2008-09 and 2009-10 Revenue Limit



# Revenue Limit Deficit Factors



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# POTENTIAL ACTIONS TO OFFSET DEFICITS

## Potential Actions to Offset Impacts Caused by Revised State Budget (\$M)

Level I Actions	09/10		10/11	
	<u>One-Time</u>	<u>Ongoing</u>	<u>One-Time</u>	<u>Ongoing</u>
1. Eliminate State Budget Uncertainty Reserve (Cat Sweeps \$2.5+ SFSF \$3.7)	6.2			
2. ADA Revision to Eliminate ROP Reduction 08/09	1.0			
09/10 - On		.9		.9
3. ADA Revisions for Reg. Ed. & Spec. Ed 08/09	1.8			
09/10 - On		1.5		1.5
4. Class Size Reduction Vacancy Savings		.7		.7

## Potential Actions to Offset Impacts Caused by Revised State Budget (\$M) *(Cont.)*

Level I Actions <i>(Cont.)</i>	09/10		10/11	
	<u>One-Time</u>	<u>Ongoing</u>	<u>One-Time</u>	<u>Ongoing</u>
5. Health & Welfare Benefits Rate Renewals		.8		1.2
6. LMSV-DHH Program \$ Redistribution SELPA		.2		.2
7. Standard Life Insurance Refund	.2			
8. Food Services Surplus for Accelerated Debt Service	.4			
9. AB 602 Revised SELPA Funding		.1		.1

## Potential Actions to Offset Impacts Caused by Revised State Budget (\$M) (Cont.)

Level I Actions (Cont.)	09/10		10/11	
	One-Time	Ongoing	One-Time	Ongoing
10. Use of Dental Reserve to Avoid Increasing Dental and Vision Rates		.1		.1
11. SFSF Second Installment			4.1	
Total Level I	9.6	4.3	4.1	4.7
Target	< 6.8 >	< 8.5 >	--	< 14.3 >
< Shortfall > / Surplus	2.8	< 4.2 >	4.1	< 9.6 >
Blended Shortfall	<u>&lt; \$1.4 &gt;</u>		<u>&lt; \$5.5 &gt;</u>	

★ Must Identify Additional Actions to Resolve Shortfalls

## Additional Potential Actions to Resolve Remaining Shortfalls Caused by Revised State Budget

### Level II Actions

	\$M			
	09/10		10/11	
	<u>One-Time</u>	<u>Ongoing</u>	<u>One-Time</u>	<u>Ongoing</u>
1. Eliminate 9 <sup>th</sup> Grade CSR				.8
2. Reduce Tutorial Program		.3		.3
3. Eliminate/Reduce Summer School (Each Session = \$1.0M)				
4. Reduce School Year* (Each Day = \$.5 - \$.6M)				

\*Subject to Negotiations

## Additional Potential Actions to Resolve Remaining Shortfalls Caused by Revised State Budget *(Cont.)*

### Level II Actions *(Cont.)*

	09/10		10/11	
	<u>One-Time</u>	<u>Ongoing</u>	<u>One-Time</u>	<u>Ongoing</u>
5. Additional Furlough Days w/o Shortening School Year*				
GEA:		.4M/Day		
All Other Units		.2M/Day		
6. Reduce/Eliminate Dept. Chair & Other Stipend/ Release Periods*				
Stipends:		.5M		
Release Periods:		.5M		

\*Subject to Negotiations

## Additional Potential Actions to Resolve Remaining Shortfalls Caused by Revised State Budget *(Cont.)*

### Level II Actions *(Cont.)*

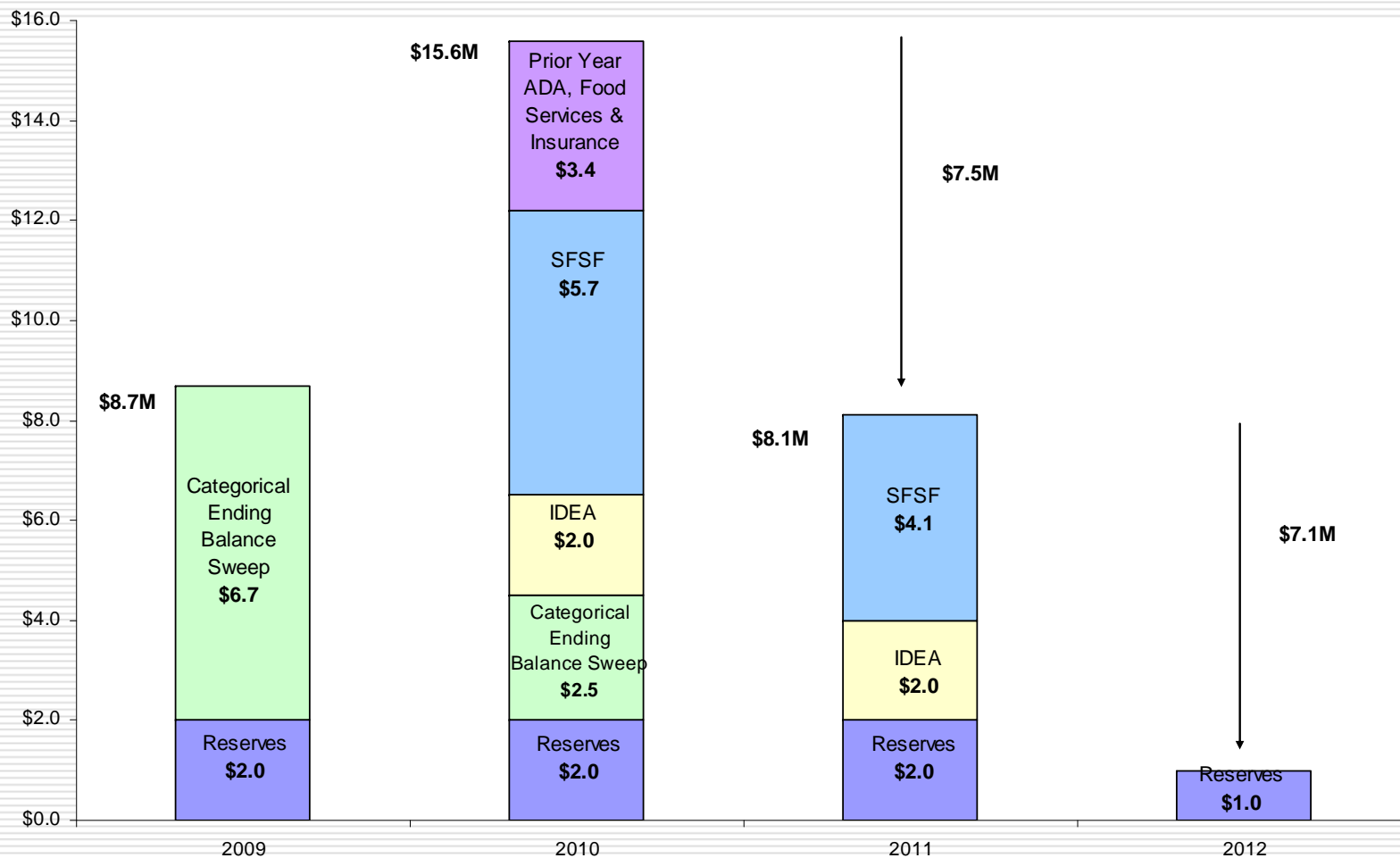
	\$M			
	09/10		10/11	
	<u>One-Time</u>	<u>Ongoing</u>	<u>One-Time</u>	<u>Ongoing</u>
<b>7.</b> Health & Welfare Benefits Plan Changes*				
a. Increase Co-pays		.6		1.0
b. Cap PacifiCare Full Network		.2		.4
c. Reduce from 100% to 90% for Employee		.4		.6
<b>8.</b> Salary Rollbacks* (Each 1% = \$1.2M)				

\*Subject to Negotiations

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# USE OF ONE-TIME DOLLARS IN BUDGET

# Use of One-Time Dollars in Budget



## Next Steps

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- ❑ Implement Level I Changes
- ❑ Determine Size and Scope of Summer School and Tutorial Program Reductions
- ❑ Propose/Negotiate Level II Changes with Bargaining Units
- ❑ Rebalance FY 2009/10 Budget Prior to First Interim (SDCOE Requirement)
- ❑ Outline Plan for FY 2010/11 Budget Balancing to Be Submitted with First Interim (SDCOE Requirement)