

Budget Study Session

2012/13, 2013/14, and 2014/15



CHINO VALLEY
UNIFIED SCHOOL DISTRICT

Student Achievement • Safe Schools • Positive School Climate
Humility • Civility • Service

Business Services Division

January 22, 2013

Budget Study Session #3

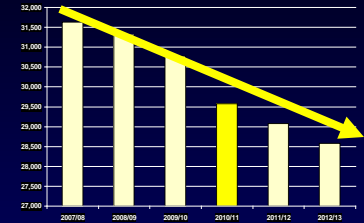
- **Common School Financial Terms**
- **CVUSD First Interim Multiyear Budget Recap**
- **Governor's 2013/2014 Budget Proposal**
- **Road Ahead**
- **Next Steps**



Common School Financial Terms

■ Average Daily Attendance

Average number of pupils actually attending classes. Excused absences do not count towards ADA.



■ Deficit Factor

When the State has insufficient funds to pay for State aid portion of the revenue limits, a deficit factor is applied to reduce the statewide entitlement level down to funded level



■ Deficit Spending

Current-year *expenditure* in excess of current-year *revenues*



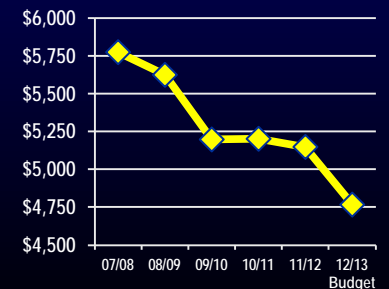
■ Multi-Year Budget

Current-year budget and two subsequent years



■ Revenue Limit Funding

The amount of revenue that a district can collect annually for general purposes from local property taxes and state aid.
($\$/\text{ADA} \pm \text{COLA} \times \text{deficit factor} \times \text{P2 ADA}$)



Concurrent Budget Cycles

FOR LAST YEAR Close and Audit

JULY – AUGUST
Close, define actuals,
determine the ending balance

AUGUST – NOVEMBER
Audit and review

DECEMBER
Receive audit, evaluate
Management letters

JANUARY – FEBRUARY
Present audit; Follow
up on audit recommendations

FOR THIS YEAR Monitor

JULY
Analyze adopted budget

JULY – SEPTEMBER
Amend and revise

NOVEMBER – DECEMBER
Amend, measure, and
report 1st Interim Financial

FEBRUARY – APRIL
Amend, measure, and report
2nd Interim Financial

MAY
Amend, measure, and report
3rd Interim Financial
(if needed)

FOR NEXT YEAR Developing the Budget

AUGUST – NOVEMBER
Identify goals for next year

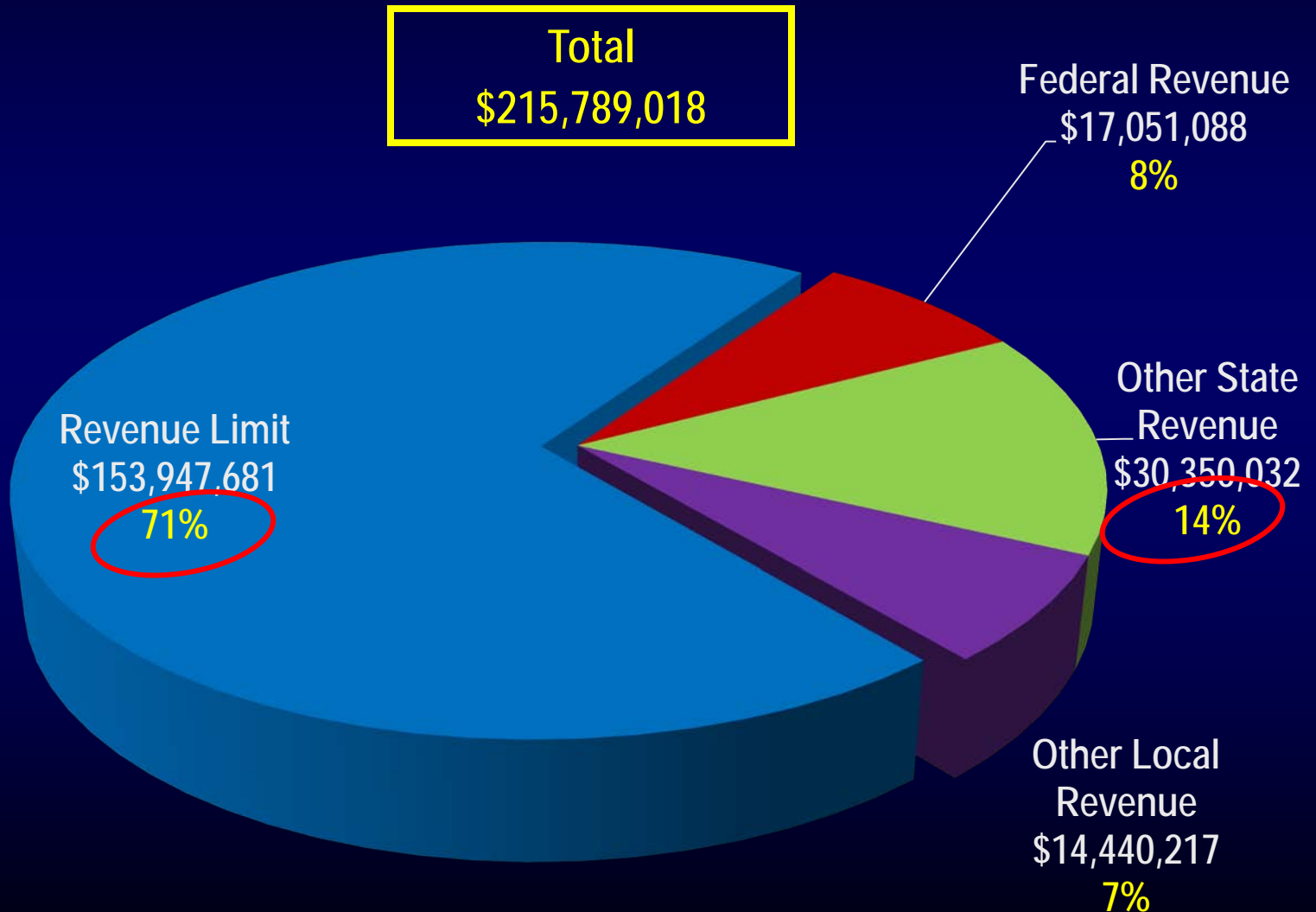
DECEMBER – JANUARY
Project revenues and
expenses
(Governor's Proposal)

FEBRUARY – MARCH
Complete staffing level
studies and incorporate

APRIL – JUNE
Review, balance, conclude,
adopt.
(Governor's May Revision)

CVUSD General Fund Revenues

2012/13 First Interim



Note: Numbers may not add due to rounding

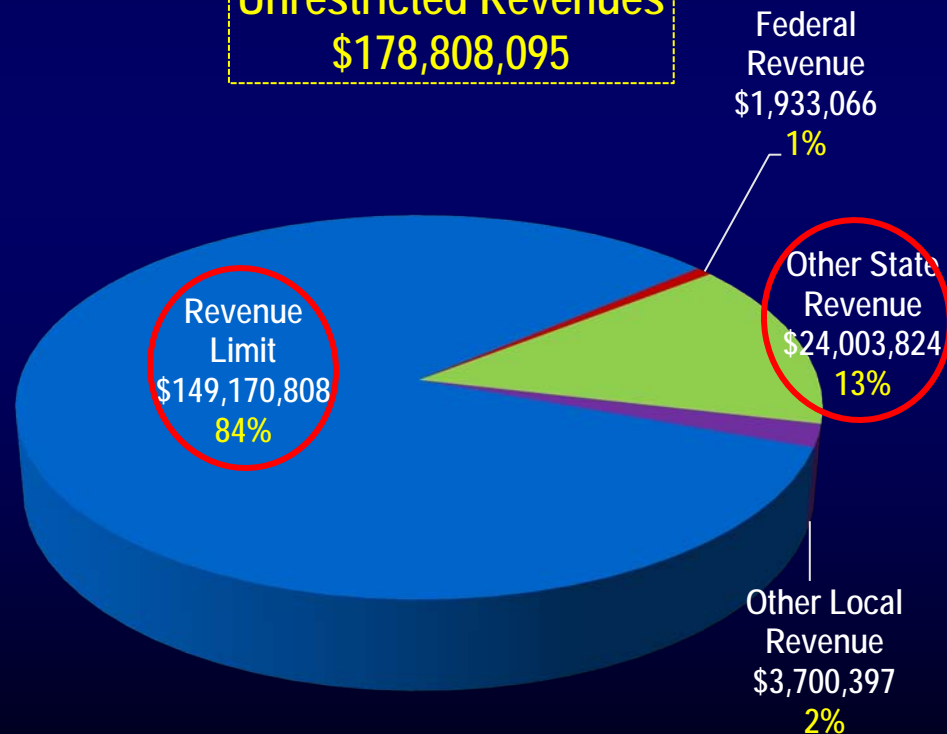
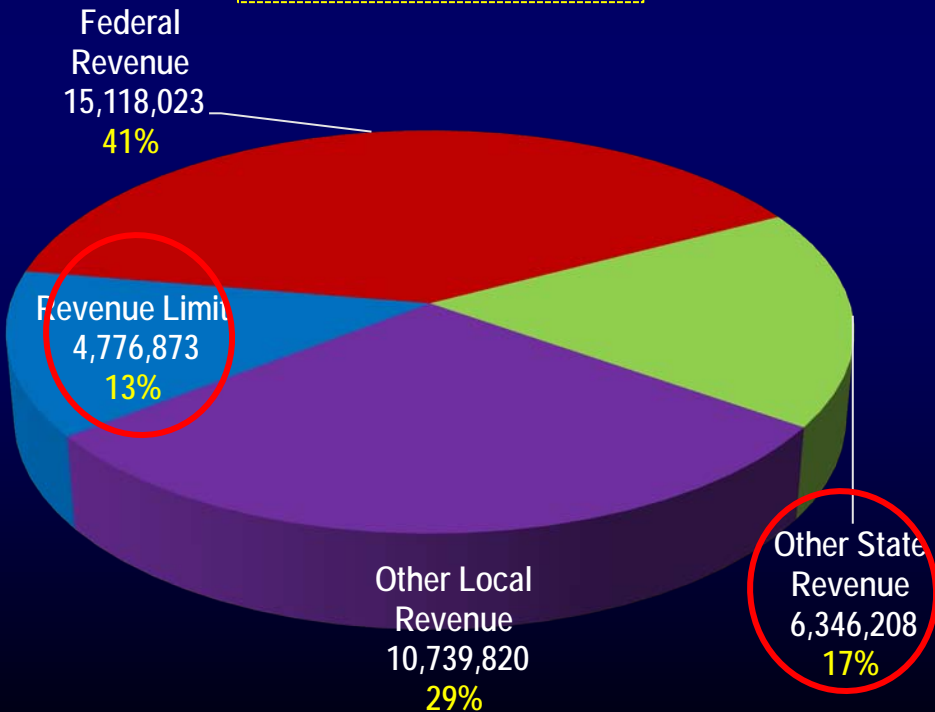
CVUSD General Fund Revenues

2012/13 First Interim

Total
\$215,789,018

Restricted Revenues
\$36,980,924

Unrestricted Revenues
\$178,808,095

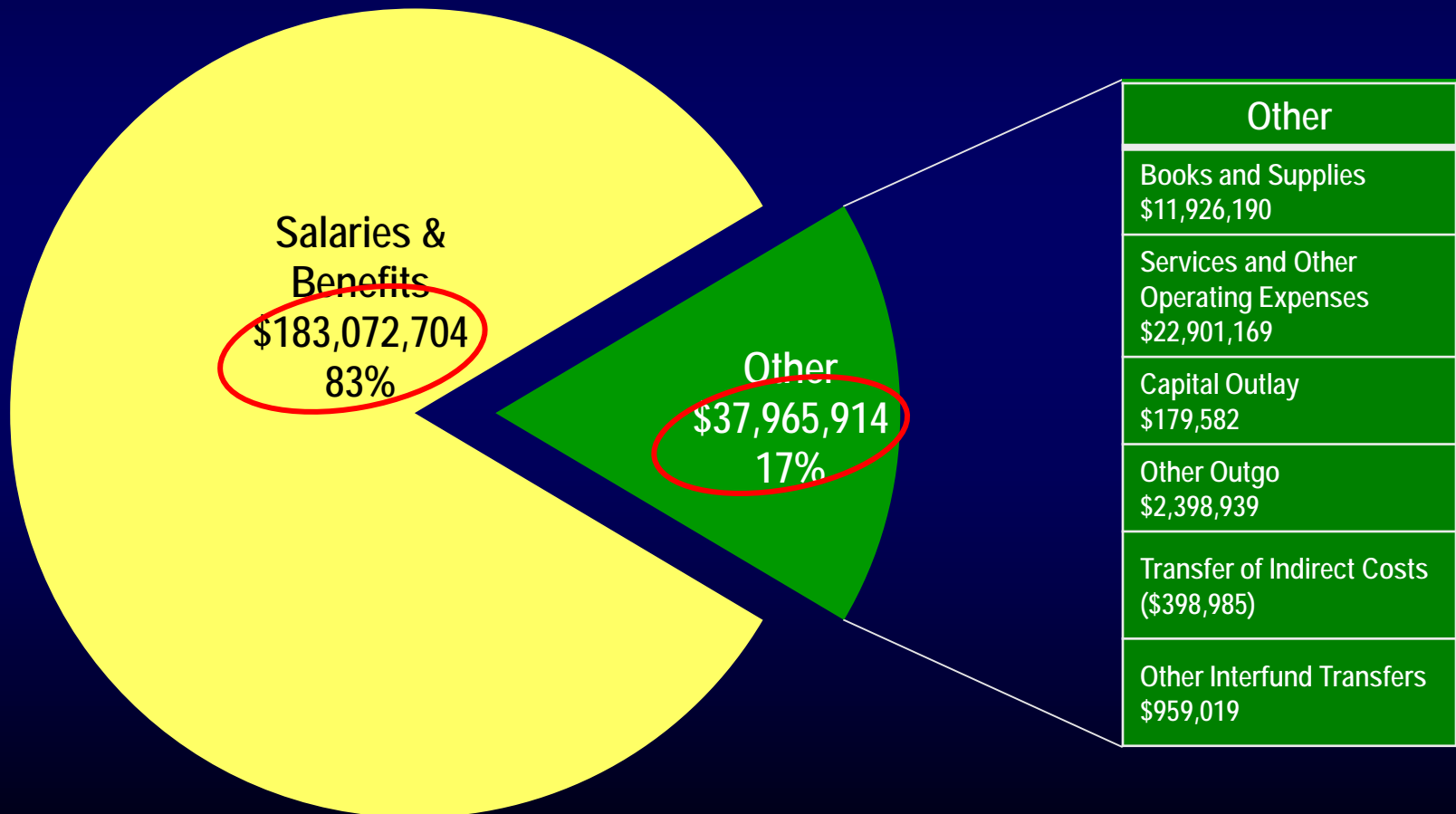


Note: Numbers may not add due to rounding

CVUSD General Fund Expenditures

2012/13 First Interim

TOTAL
\$221,038,618



Note: Numbers may not add due to rounding

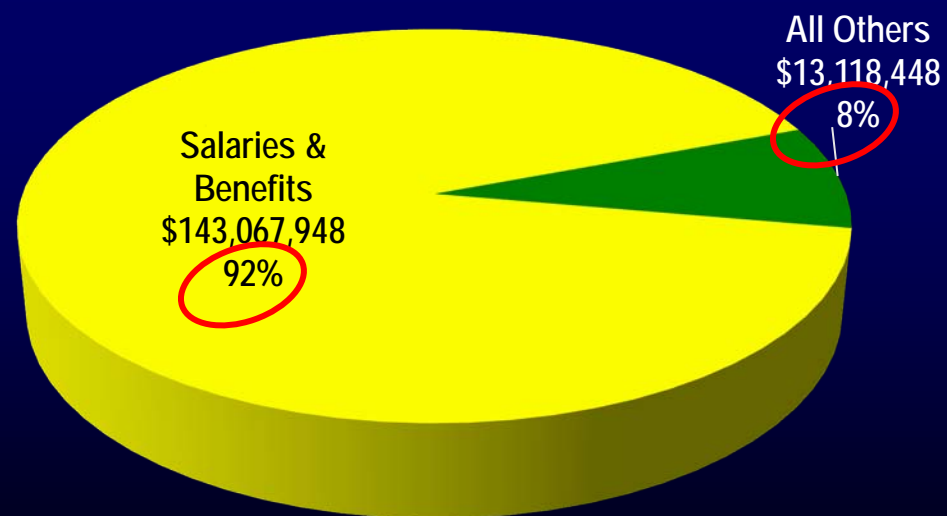
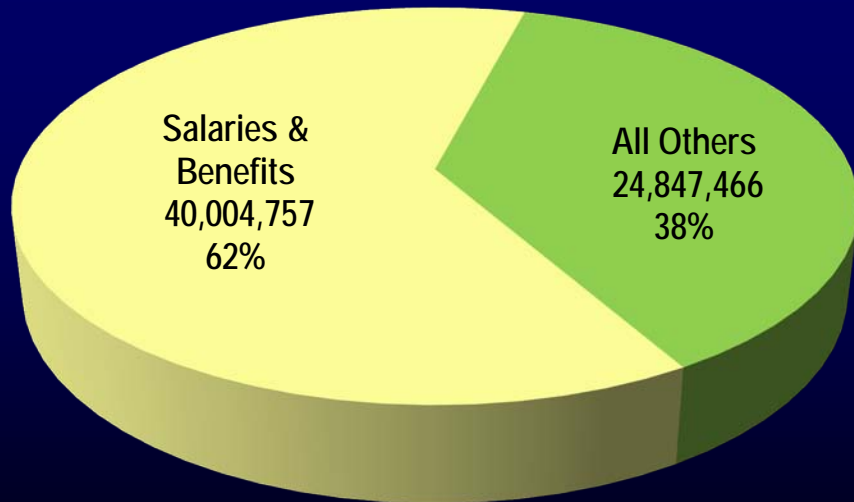
CVUSD General Fund Expenditures

2012/13 First Interim

TOTAL
\$221,038,618

Restricted Expenditures
\$64,852,223

Unrestricted Expenditures
\$156,186,396



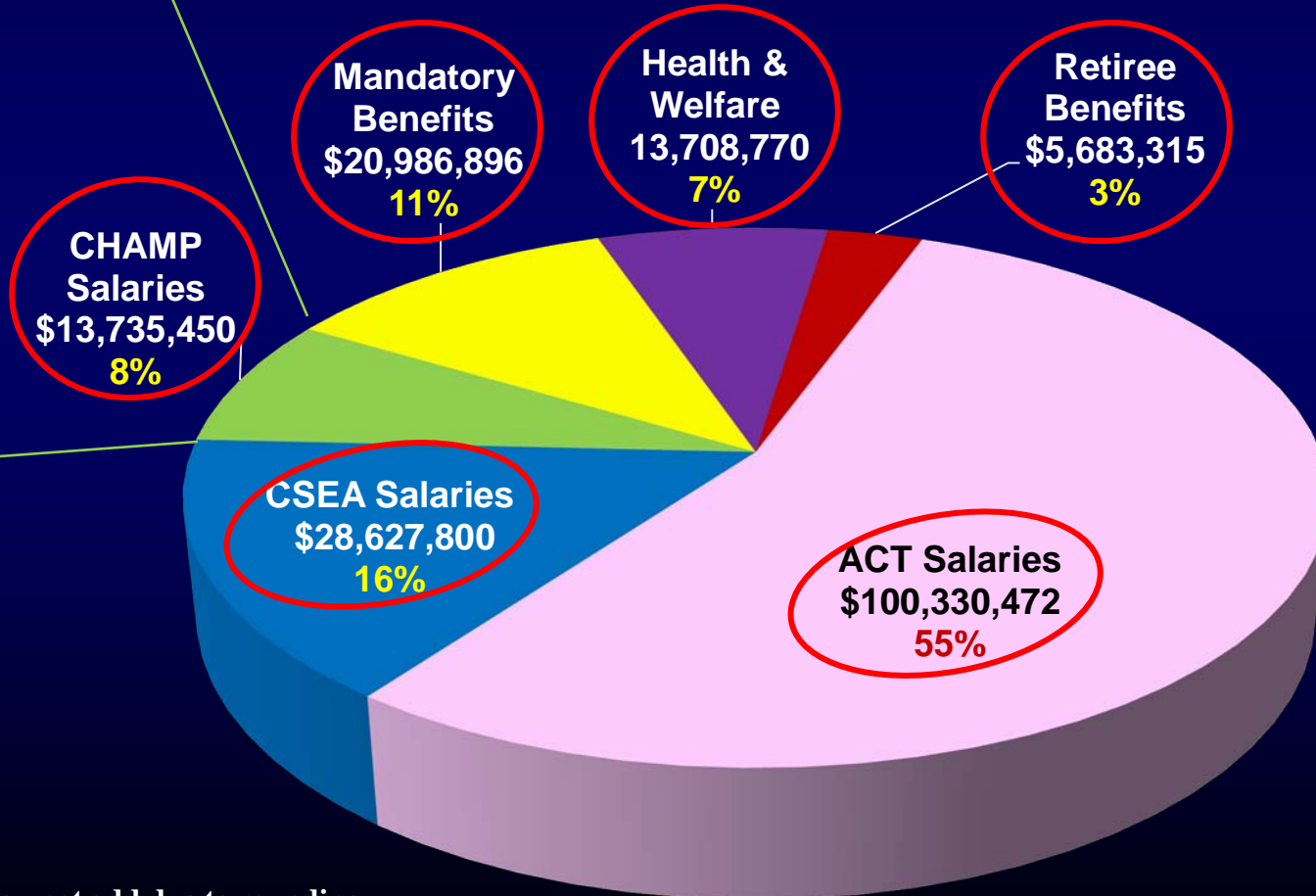
Note: Numbers may not add due to rounding

General Fund Salaries and Benefits

2012/2013 First Interim

- Superintendent
- Asst. Supts.
- Principals
- Assistant Principals
- Directors
- Coordinators
- Managers
- Supervisors
- Psychologists
- Program Specialists
- Conf. Admin. Secretaries
- Occupational Therapists
- Technicians

TOTAL
\$183,072,704
(Including all substitutes & stipends)



Note: Numbers may not add due to rounding

First Interim Multiyear Projection

Activities through October 31, 2012

	2012/13 First Interim	2013/14 Estimated Budget	2014/15 Estimated Budget
BEGINNING BALANCE	\$49,519,026		
Audit Adjustment	\$600,782		
Revenue	\$215,789,018	\$44,870,209	\$41,805,618
Expenditure & Other Sources/Uses	\$221,038,618	\$207,826,400	\$200,885,028
Net Inc./ <i>(Dec.)</i> in Fund Balance	(\$5,249,600)	\$210,890,990	\$211,783,434
ENDING BALANCE	\$44,870,209	(\$3,064,591)	(\$10,898,406)
Components of Ending Balance:		\$41,805,618	\$30,907,212
- Revolving Cash	\$100,000	\$100,000	\$100,000
- Reserve for Economic Uncertainty 3%	\$6,631,159	\$6,326,730	\$6,353,503
- Equity Distribution	\$49,889	\$49,889	\$49,889
- UNAPPROPRIATED ENDING BALANCE	\$38,089,161	\$35,328,999	\$24,403,820

Note: Numbers may not add up due to rounding

CVUSD Historical Funded Revenue Limit

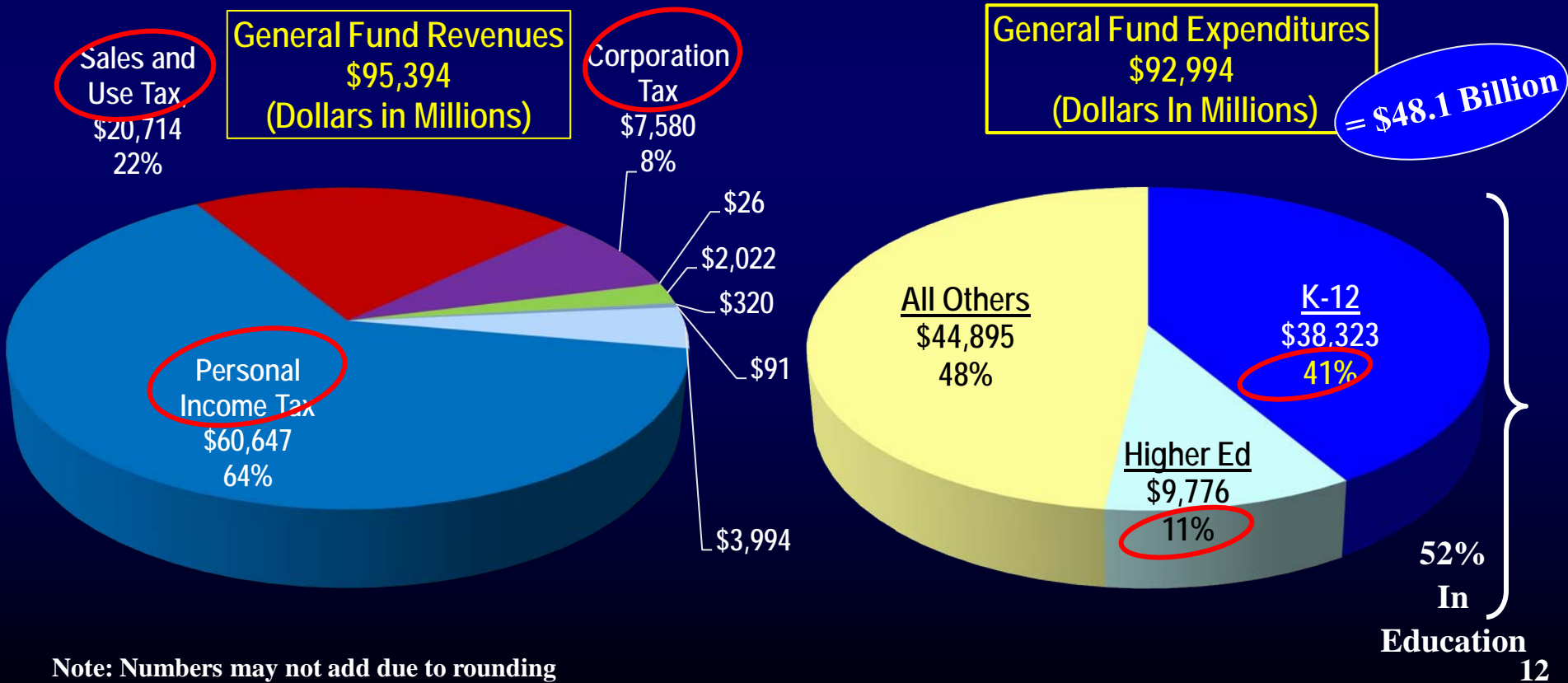
Per Average Daily Attendance



2012/13 State General Fund Budget

Revenues and Expenditures Budget

State adopted a “balanced budget” predicated on the passage of Prop 30.



Passage of Proposition 30

Temporary Tax Measure

- Prop 30 will raise about \$6 billion in annual revenues for most years; about \$2.9 billion will go to K-14 in 2012/2013.
- Governor's 2012/13 State General Fund budget already accounted for the anticipated revenues from Prop 30.



- Increase state sales tax by $\frac{1}{4}$ cent for **4 years** starting **Jan. 1, 2013**

Sunsets 2016



- Increase state personal tax on annual earnings over \$250,000 for **7 years** starting **Jan. 1, 2012**

1 %
\$250k
to
\$300k

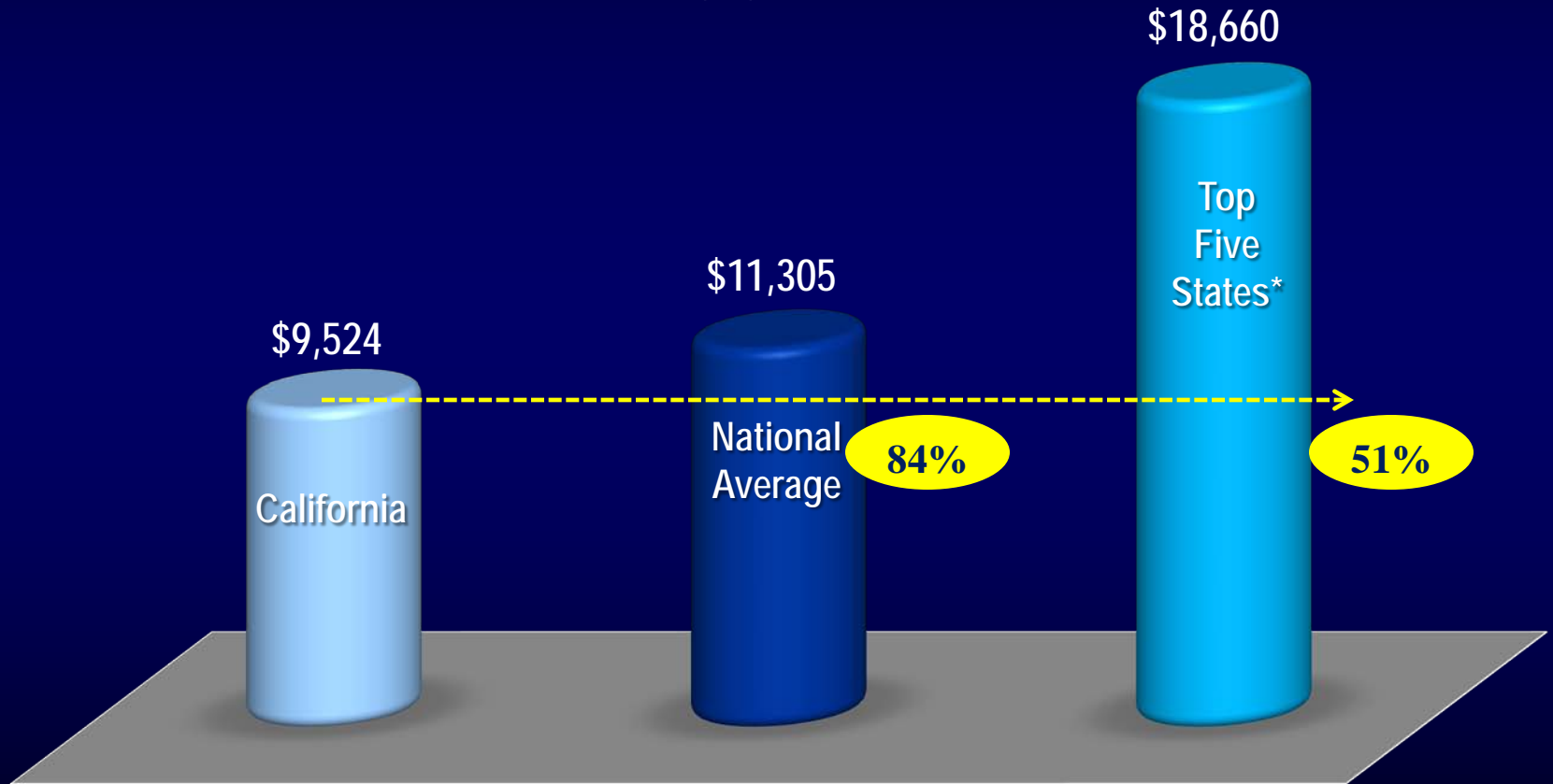
2 %
\$300k
to
\$500k

3 %
\$500k
and
above

Sunsets 2018

California's Education Spending

K-12 Education Expenditures per ADA
2010-11



*Average of the five states with the highest expenditures per ADA

Source: National Education Association (Slide courtesy of School Services of California)

Current Expense of Education Per ADA

Ranking of the States – 2010-11

Ranking	State	Current Expense Per Student	Percentage of National Average
1	Vermont	\$22,115	195.6%
2	Rhode Island	\$18,589	164.4%
3	Alaska	\$18,386	162.6%
4	Wyoming	\$17,301	153.0%
5	New Jersey	\$16,909	149.6%
6	Maine	\$16,202	143.3%
7	Maryland	\$16,056	142.0%
8	Massachusetts	\$15,783	139.6%
9	Delaware	\$15,646	138.4%
10	New York	\$15,202	134.5%
	<i>United States</i>	\$11,305	100.0%
40	California	\$9,524	84.2%

Governor Brown's Budget Proposal

2013/2014

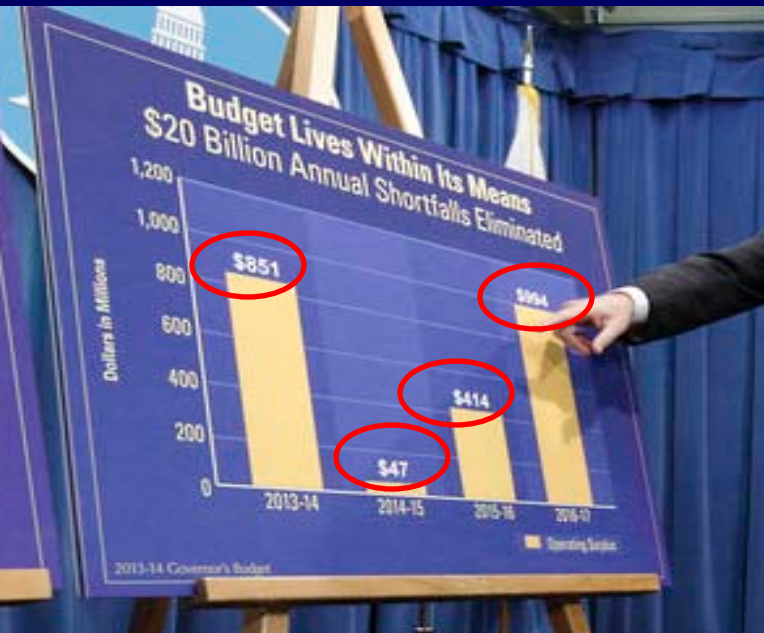


Governor Brown's Budget Proposal

2013/2014

January 2011

- Inherited a \$26.6 billion budget deficit
- Budget had falsely assumed revenue dollars
- Unrealized government spending cuts
- Education had borne the brunt of most spending reductions
- Endless threats of midyear cuts to schools



January 2013

- Surprise! California has a budget surplus! Really?
- Proposes a “Budget That Lives Within Its Means” and that wipes out years of deficit
- **3.3%** increase in projected revenue and **5%** increase in projected expenditures
- Assumes increased funding/ADA
- New school finance distribution system

Governor Brown's Budget Proposal

New School Finance Distribution System

Local Control Funding Formula (LCFF)

- Consolidates Revenue Limit + more than 40 state categorical programs into ONE REVENUE STREAM on a permanent basis
- Implemented over 7 year period (by 2020/21) to reach target funding level
- Grade span per pupil base grants plus supplemental and concentration grants

Factors	K-3	4-6	7-8	9-12
1. Grade Span Base Grant per ADA	\$6,342	\$6,437	\$6,628	\$7,680
Adjustment factors	11.2% CSR	--	--	2.8% CTE
2. CSR, CTE amounts	\$710	--	--	\$215
Add the following amounts to the base grant and adjustments above:				
3.	<ul style="list-style-type: none"> 35% of the grade span base grant multiplied by the districtwide % eligible students (English Learner, eligible for free/reduced meals, foster youth) 			
4.	<ul style="list-style-type: none"> 35% of the grade span base grant multiplied by the districtwide % eligible students that exceed 50% of total enrollment 			

Governor Brown's Budget Proposal

2013/2014

- **Major budget proposals for K-12 education**
 - Cost of Living Adjustment for Revenue Limit is unmentioned
 - Deficit Factor is unmentioned
 - \$1.8 billion to buy down interyear deferrals (increases cash but not budget)
 - \$1.6 billion to begin implementation of new school finance formula for school districts/charters
 - \$400.5 million to support energy efficient projects from Prop 39 revenues
 - \$100 million increase for the K-12 Mandate Block Grant to fund the Science Graduation Requirements and Behavioral Intervention Plan mandates
 - \$62.8 million for a 1.65% COLA for selected categorical programs
 - \$48.5 million for charter school ADA growth
 - \$28.2 million to begin implementation of a new funding formula for County Offices of Education

The Road Ahead

Governor's budget proposal marks the beginning of the process...

- Budget contains optimistic forecast of resources
- Requires strong fiscal restraint to not increase expenditures
- More details to emerge on new complex school funding formula
- Federal Cliff is out of State's control
- Big changes in May anticipated



State Budget Timeline

January 2013

- Governor presents his budget proposal for 2013/14
- Budget proposal is introduced to Assembly and Senate as identical budget bills

February 2013

- Legislative Analyst prepares analysis of the budget bills

March 2013

- Legislative Budget Subcommittee Hearings on budget bills
- Voting by the Subcommittees and submit to the full Budget committee

April 2013

- Assembly and Senate Budget Committees vote on its version of the budget bill
- A joint Budget Conference Committee works out the differences between the Assembly and Senate versions

May 2013

- Governor presents the May Revision based on updated General Fund stats
- Assembly and Senate vote on a single version of the budget bill

June 2013

- Governor receives the budget bill and has until July 1, to sign or veto the bill
- The bill becomes law as soon as it is signed by the Governor



Budgeting for Second Interim Financial

Maintain current assumptions in MYP and adjust based on County direction and guidance.

- COLA: 1.65% for selected categorical programs in 2013/14
- Continuation of flexibility in categorical programs
- Incorporate Board approved budget restorations
- Anticipate changes for all federally funded programs
- Reduction of ADA/Revenue/Staffing for 2013/14 due to current Charter application



Local Budget Concerns

- Declining enrollment
- Budget Deficit trend
- Rising special education/transportation costs
- Common Core implementation expenses not yet budgeted
- Reserve for Economic Uncertainty at a minimum 3%
- New charter(s)



Don't Try to Reattach Dead Branches to a Growing Tree

- Don't restore a program just because it was there yesterday
- Recovery gives you the opportunity to design a better education plan
- Use today's knowledge for tomorrow's delivery
- It is a once-in-a-career opportunity to redesign the delivery model needed for tomorrow



District Budget Calendar



July 1st	District's Adopted Budget due to the County
September 15th	Adoption of Unaudited Actuals
December 15th	First Interim Financial Report due to the County/State
January 5th	Governor's Proposed State Budget for 13/14
March 15th	Second Interim Financial Report due to the County/State
Mid-May	Governor's May Revise
June 1st	Third Interim Financial Report due to the County/State
June 30th	Adoption of District Budget (13/14, 14/15, 15/16)

Discussions & Questions



The Future

