

Budget Study Session

After the Election



CHINO VALLEY
UNIFIED SCHOOL DISTRICT

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

Business Services Division

November 13, 2012

Budget Study Session #2

- **Election Results**
- **Fiscal Impact to CVUSD**
- **CVUSD Projected Multi-Year Budget**
- **Superintendent's Recommendations**
- **Strategic Budgeting**
- **Next Steps**



November 6th 2012 Election

Semi-Official Results

PROPOSITION	YES	NO
30 The Schools and Local Public Protection Act of 2012	<u>54.1%</u>	45.9%
38 Our Children, Our Future	27.6%	<u>72.4%</u>

Pass

Fail



Note: Election results as of November 13, 2012 from California Secretary of State website

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 ¼ cent for **4 years** starting **Jan. 1, 2013**



- 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

Potential Fiscal Impact to CVUSD

Passage of Proposition 30 renders Ed Code 46201.4 inoperative, which means elimination of a cut in Revenue Limit. It also takes away the flexibility to reduce school year by up to 15 days.

2012/2013	\$441 x 29,163 ADA = \$12.9 M
2013/2014	\$441 x 28,663 ADA = \$12.6 M
2014/2015	\$441 x 28,163 ADA = \$12.4 M
Over 3 years	Restoration of est. \$38M in Revenue Budget



Flat Funding = No New Money

Budget Scenarios at Unaudited Actuals

\$441/ADA Cut vs. \$0/ADA Cut (Flat Funding)

\$441/ADA Cut

	2011/12	2012/13	2013/14	2014/15
Beginning Balance	\$44,784,840	\$49,519,026	\$34,406,947	\$17,965,139
Revenue	\$225,138,352	\$200,650,084	\$194,383,817	\$187,885,945
Expenditure	\$220,404,167	\$215,762,163	\$210,825,625	\$211,766,964
Net Increase/Decrease	\$4,734,186	(\$15,112,079)	(\$16,441,808)	(\$23,881,019)
Ending Balance	\$49,519,026	\$34,406,947	\$17,965,139	(\$5,915,880)
Revolving Cash	\$100,000	\$100,000	\$100,000	\$100,000
Economic Uncertainty	\$6,612,125	\$6,504,079	\$6,324,769	\$6,353,009
Restricted Ending Balance	\$2,793,411	\$715,412		
SCSEBA/REEP Equity	\$15,559	\$15,559	\$15,559	\$15,559
Unappropriated Amount	\$39,997,932	\$27,071,897	\$11,524,811	(\$12,384,448)

Deficit Spending

\$0/ADA Cut Flat Funding

	2011/12	2012/13	2013/14	2014/15
Beginning Balance	\$44,784,840	\$49,519,026	\$47,267,645	\$43,466,035
Revenue	\$225,138,352	\$213,510,782	\$207,024,016	\$200,305,643
Expenditure	\$220,404,167	\$215,762,163	\$210,825,626	\$211,766,964
Net Increase/Decrease	\$4,734,186	(\$2,251,381)	(\$3,801,610)	(\$11,461,321)
Ending Balance	\$49,519,026	\$47,267,645	\$43,466,035	\$32,004,714
Revolving Cash	\$100,000	\$100,000	\$100,000	\$100,000
Economic Uncertainty	\$6,612,125	\$6,504,079	\$6,324,769	\$6,353,009
Restricted Ending Balance	\$2,793,411	\$715,412		
SCSEBA/REEP Equity	\$15,559	\$15,559	\$15,559	\$15,559
Unappropriated Amount	\$39,997,932	\$39,932,594	\$37,025,707	\$25,536,146

Deficit Spending

Flat Funding Budget Scenario

Multiyear Projection at Unaudited Actuals

**\$0/ADA Cut
Flat Funding**

**Deficit
Spending**

	2011/12	2012/13	2013/14	2014/15
Beginning Balance	\$44,784,840	\$49,519,026	\$47,267,645	\$43,466,035
Revenue	\$225,138,352	\$213,510,782	\$207,024,016	\$200,305,643
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Restricted Ending Balance	\$2,793,411	\$715,412		
SCSEBA/REEP Equity	\$15,559	\$15,559	\$15,559	\$15,559
Unappropriated Amount	\$39,997,932	\$39,932,594	\$37,025,707	\$25,536,146

Keep in mind...

The Multi-Year Projection has not captured any restorations that the Board approved on June 28, 2012; July 19, 2012; August 16, 2012; and September 20, 2012. Totaling approximately \$2.2 million.

Budget Items Previously Restored

June 28, 2012 Board Meeting

	PROGRAM/POSITION	2012-2013	2013-2014	2014-2015	EST. COST
1	Video-taping of board meetings	\$8,421	\$8,421	\$8,421	\$25,263
2	Change board meeting start time to normal business hours to reduce overtime	\$20,376	\$20,376	\$20,376	\$61,128
	SUBTOTAL	\$28,797	\$28,797	\$28,797	\$86,391

Budget Items Previously Restored

July 19, 2012 Board Meeting

	PROGRAM/POSITION	2012-2013	2013-2014	2014-2015	EST. COST
1	Home-to-School Transportation 7-8	\$121,966			\$121,966
2	Home-to-School Transportation 9-12	\$119,494			\$119,494
3	School Nurse (15 FTE)				
4	Elementary Music Program (4 FTE)				
5	HS Counselor (22 FTE)				
6	Adult School Staff				
	A.C.T. Furlough (5.5 days) and maintain class size increase by 2 (grades 4-12)	\$370,000			\$370,000
	SUBTOTAL	\$611,460			\$611,460

Budget Items Previously Restored

August 16, 2012 Board Meeting

	PROGRAM/POSITION	2012-2013	2013-2014	2014-2015	EST. COST
1	Uniform for Duplicating Staff	\$464	\$464	\$464	\$1,392
2	Uniform for Warehouse/Delivery Staff	\$1,809	\$1,809	\$1,809	\$5,427
3	Uniform for Maintenance, Operations, and Construction Staff	\$11,372	\$11,372	\$11,372	\$34,116
4	Uniform for Transportation Staff	\$16,393	\$16,393	\$16,393	\$49,179
5	Athletic and Band competition Transportation	\$382,000			\$382,000
	SUBTOTAL	\$412,038	\$30,038	\$30,038	\$472,114

Budget Items Previously Restored

September 20, 2012 Board Meeting

	PROGRAM/POSITION	2012-2013	2013-2014	2014-2015	EST. COST
1	Supplemental School Counseling (5.4 FTE)	\$454,334			\$454,334
2	High School Librarian (1 FTE)	\$99,117			\$99,117
3	High School Attendance Clerk (3.75 FTE)	\$179,311			\$179,311
4	Reduce work year for Duplicating Department from 12 to 11 months (6 FTE)	\$36,372	\$36,372	\$36,372	\$109,116
5	Elementary Library/Media Center Assistant (20 Positions)	\$215,844			\$215,844
	SUBTOTAL	\$984,978	\$36,372	\$36,372	\$1,057,722

	TOTAL AMOUNT OF RESTORATIONS TO DATE	\$2,037,273	\$95,207	\$95,207	\$2,227,687
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CVUSD/A.C.T. Agreement

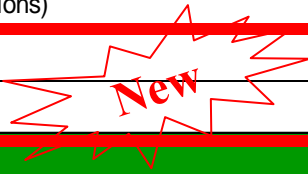
“...For the 2012-2013 school year, if a California tax initiative is passed by the voters on November 6, 2012, which maintains or increases the District’s “Funded Base Revenue Limit” from the 2011-2012 level of \$5,149, the District will restore five and one-half (5.5) furlough days without further Negotiations...”

Estimated **increase** of **\$2.7 million** to unrestricted certificated salary expenditures in the **2012/13** general fund budget.



Superintendent's "What If" Restoration List

	BUDGET REDUCTION ITEMS	2012-2013	2013-2014	2014-2015	EST. COST OVER 3 YRS
1	Eliminate Video-taping of Board Meetings to reduce overtime	(\$8,421)	(\$8,421)	(\$8,421)	(\$25,263)
2	Change Board Meeting start times to normal business hours to reduce overtime	(\$20,376)	(\$20,376)	(\$20,376)	(\$61,128)
3	Eliminate Home-to-School Transportation 7-8	(\$121,966)	(\$121,966)	(\$121,966)	(\$365,898)
4	Eliminate Home-to-School Transportation 9-12	(\$119,494)	(\$119,494)	(\$119,494)	(\$358,482)
5	Eliminate School Nurse (15.18 FTE)		(\$1,398,197)	(\$1,398,197)	(\$2,796,394)
6	Eliminate Elementary Music Program (9.4 FTE/10 positions)		(\$843,109)	(\$843,109)	(\$1,686,218)
7	Eliminate HS Counselor (23 FTE)		(\$2,379,006)	(\$2,379,006)	(\$4,758,012)
	Ratification of A.C.T. Agreement (5.5 Furlough days + increase class size by 2 for grades 4-12)	(\$3,070,000)			(\$3,070,000)
8	Eliminate Uniform for Duplicating Staff	(\$464)	(\$464)	(\$464)	(\$1,392)
9	Eliminate Uniform for Warehouse/Delivery Staff	(\$1,809)	(\$1,809)	(\$1,809)	(\$5,427)
10	Eliminate Uniform for Maintenance, Operations, and Construction Staff	(\$11,372)	(\$11,372)	(\$11,372)	(\$34,116)
11	Eliminate Uniform for Transportation Staff	(\$16,393)	(\$16,393)	(\$16,393)	(\$49,179)
12	Athletic Transportation and Band competition transportation	(\$382,000)	(\$382,000)	(\$382,000)	(\$1,146,000)
13	Supplemental School Counseling (Intervention Counselor at JHS - 5.4 FTE/7 positions)	(\$454,334)	(\$454,334)	(\$454,334)	(\$1,363,002)
14	Reduce HS Librarian to one (1 FTE)	(\$99,117)	(\$99,117)	(\$99,117)	(\$297,351)
15	Reduce HS Attendance Clerk to one per HS (3.75 FTE)	(\$179,311)	(\$179,311)	(\$179,311)	(\$537,933)
16	Reduce work year for Duplicating Department from 12 to 11 months	(\$36,372)	(\$36,372)	(\$36,372)	(\$109,116)
17	Eliminate Elementary Library/Media Center Assistant (20 positions)	(\$215,844)	(\$215,844)	(\$215,844)	(\$647,532)
18	Grade Level/Department Chair Stipend	(\$368,250)	(\$368,250)	(\$368,250)	(\$1,104,750)
19	Elementary School Assistant Principal (10 FTE)		(\$971,497)	(\$971,497)	(\$1,942,994)
	TOTAL	(\$5,105,523)	(\$7,627,332)	(\$7,627,332)	(\$20,360,187)



Multiyear Projection Based on “What If” List

	2012/13	2013/14	2014/15	2015/16
Beginning Balance	\$49,519,026	\$42,162,122	\$30,733,180	\$11,644,527
Revenue	\$213,510,782	\$207,024,016	\$200,305,643	\$197,703,143
Expenditure	\$220,867,686	\$218,452,958	\$219,394,296	\$218,119,296
Net Increase/Decrease	(\$7,356,904)	(\$11,428,942)	(\$19,088,653)	(\$20,416,153)
Ending Balance	\$42,162,122	\$30,733,180	\$11,644,527	(\$8,771,626)
Revolving Cash	\$100,000	\$100,000	\$100,000	\$100,000
Economic Uncertainty	\$6,626,031	\$6,553,589	\$6,581,829	\$6,543,579
Restricted Ending Balance	\$715,412			
SCSEBA/REEP Equity	\$15,559	\$15,559	\$15,559	\$15,559
Unappropriated Amount	\$34,705,120	\$24,064,032	\$4,947,139	(\$15,430,764)

Deficit Spending

Note...

The full implementation of Superintendent’s “WHAT IF” LIST will put the District back in a **DEFICIT** by **2015/16** and will require the Board to begin budget reduction exercises again in **2013/14**.

Superintendent's Current Recommendation

2012/2013

	PROGRAM/POSITION	2012-2013	2013-2014	2014-2015	EST. COST
1	Restore Grade Level/Department Chair Stipend	\$368,250			\$368,250
TOTAL		\$368,250			\$368,250

If Board approves, will **increase**
2012/13 unrestricted general fund
 expenditure budget by estimated
\$368,250.

Employee Group Concessions

	2008/09	2009/10	2010/11	2011/12	2012/13
A.C.T.		<ul style="list-style-type: none"> Increase K-3 class size from 20 to 25 Layoff of 70 FTE 	<ul style="list-style-type: none"> Increase K-3 class size from 25 to 31 5 Furlough days 	<ul style="list-style-type: none"> Increase 4-12 class <p><u>To Restore</u></p> <ul style="list-style-type: none"> Nurses (15 FTE) Counselors (22 FTE) Music (4 FTE) Adult Ed 	<ul style="list-style-type: none"> Layoff of 59 FTE <p><u>Agreement</u></p> <ul style="list-style-type: none"> Continue the increase in 4-12 class size by 2 <p>3.02% salary reduction/5.5 furlough</p>
CSEA		<ul style="list-style-type: none"> Elim. 17 FTE (3 schools closed) 6, 7, or 8 Furlough days 	<ul style="list-style-type: none"> Elim. 12.625 FTE vacancies Reduce work year of 12 FTE (Wickman) 6, 7, or 8 Furlough days 	<ul style="list-style-type: none"> Elim. 41 FTE Reduce work year and/or hours of 133 positions 	<ul style="list-style-type: none"> Elim. 46.135 FTE <p><u>Restored Positions</u></p> <ul style="list-style-type: none"> Bus drivers Adult School staff Attendance clerks Library/Media aides Childcare staff Restored work days
CHAMP	<ul style="list-style-type: none"> Freeze 6 FTE 	<ul style="list-style-type: none"> Elim. 15 FTE Reclass. 2 FTE Reduced work year of 4 HS Principals 	<ul style="list-style-type: none"> Reclass. Assoc. Supt. of HR to Asst. Supt. 7 Furlough days 	<ul style="list-style-type: none"> Elim. 7 FTE Reduce work year of 47 FTE 7 Furlough days Asst. Supts. – 10 furlough days 	<ul style="list-style-type: none"> Elim. 13 FTE 3.02% salary reduction/ 7 furlough Asst. Supts. – 4.63% salary reduction/10 furlough days

District Budget Calendar



July 1st	District's Adopted Budget due to the County
September 6th	Adoption of Unaudited Actuals
December 13th	Adoption of First Interim Financial Report
January 2013	Governor's Proposed State Budget for 2013/14
March 15th	Second Interim Financial Report due to the County/State
Mid-May	Governor's May Revise
June 1st (if needed)	Third Interim Financial Report due to the County/State
June 30th	Adoption of District Budget (2013/14, 2014/15, 2015/16)

Legal Fiduciary Responsibilities

AB 1200 (1991)



- Requires school district to prepare **multiyear financial projections**
- Publicly disclose the provisions of all collective bargaining agreements before entering into a written agreement
- County offices review district budgets
- State reviews countywide school districts

AB 2756 (2004)

- Superintendent and Chief Financial Officer must certify that the district can afford each collective bargaining settlement
 - If not, the Board must make cuts at that time
- Board President's certification is also required
- County Office of Ed must take action to correct district deficiencies
- FCMAT has an increased role in supporting and assisting districts

Budget Concerns



State level

- Uncertainty of funding from State
- ~~Looming mid-year cuts~~
- **Prop 30 Tax increase is temporary**
- Decreasing cash balance due to State deferrals
- Eventual expiration of categorical flexibility

Local level

- Increasing deficit spending
- Declining enrollment
- Unfunded absences
- Potential new Charter(s)
- Reserve for Economic Uncertainty at a minimum 3%

Strategic Budgeting to Support Student Achievement!!!

CVUSD must build a sustainable budget that serves our students' needs TODAY.

- Budget with CARE & CAUTION
- Budget with STABILITY
- Budget that has CERTAINTY of funding
- Budget that is WITHOUT DEFICIT SPENDING
- Budget with a healthy Reserve for Economic Uncertainty
- Budget that can withstand a hiccup from Sacramento
- Budget that does not require the Board to make CUTS each year



Next Steps

- December 11, 2013 – Budget Study Session #3 (Tentative)
- December 13, 2012 Board Meeting –
Adoption of First Interim Financial Report
- January 2013 – *Governor's Budget Proposal*
- February 2013 – Board to take action
- March 2013 – Human Resources to implement Board actions



Discussions & Questions