

# Fullerton School District Budget Advisory Committee

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Dr. Gary Cardinale

Assistant Superintendent, Business Services

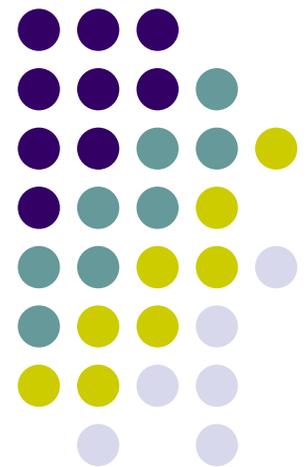
Assisted By:

Suwen Su

Director, Business Services

Becky Silva

Assistant Director, Business Services

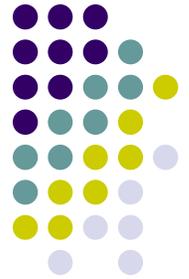


# Objectives For This Session



- Review Budget Calendar
- Examine Background of State Deficit
- State Revenue Projections
- Prop 98 Guarantee – What's the Minimum?
- Review FSD's Revenue Limit Projections

# Objectives For This Session



- Detail Enrollment History
- Detail Projected Level of Multi-Year Budget Reductions
- Revisit Cash Flow/ One Time Money/ Borrowing
- Review of Costs of Health And Welfare



# Budget Calendar - FSD

- January 9, 2009
  - Governor's Budget For 2009/2010 Released
- January-May 2009
  - Ongoing Budget Discussions - Legislature
- January 14, 2009
  - Budget Advisory Meeting #2



# Budget Calendar - FSD

- January 20, 2009
  - Audit report to Governing Board
  - Budget Study Session
- January 21, 2009
  - Budget Advisory Meeting #3
- February 4, 2009
  - Budget Advisory Meeting #4
- February 11, 2009
  - Budget Advisory Meeting #5



# Budget Calendar - FSD

- February 17, 2009
  - Special Board Meeting
  - Budget Advisory Recommendations to the Board
- February 24, 2009
  - Board Meeting
  - Recommendations For Budget Reductions to Board
- February 26, 2009
  - Special Board Meeting - Public Input
- March 10, 2009
  - 2<sup>nd</sup> Interim Financial Report to Board
  - Board Action on Budget Recommendations

# Budget Calendar - FSD



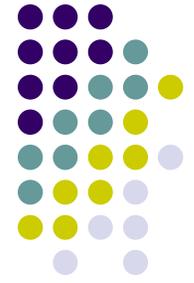
- May 2009
  - Governor's Budget Revise for 2009/2010
- June 15, 2009
  - Constitutional Deadline for Legislative Budget Proposal 2009/2010
- June 30, 2009
  - Deadline for Schools to Adopt Budget for 2009/2010

# Evolution of a State Budget Crisis



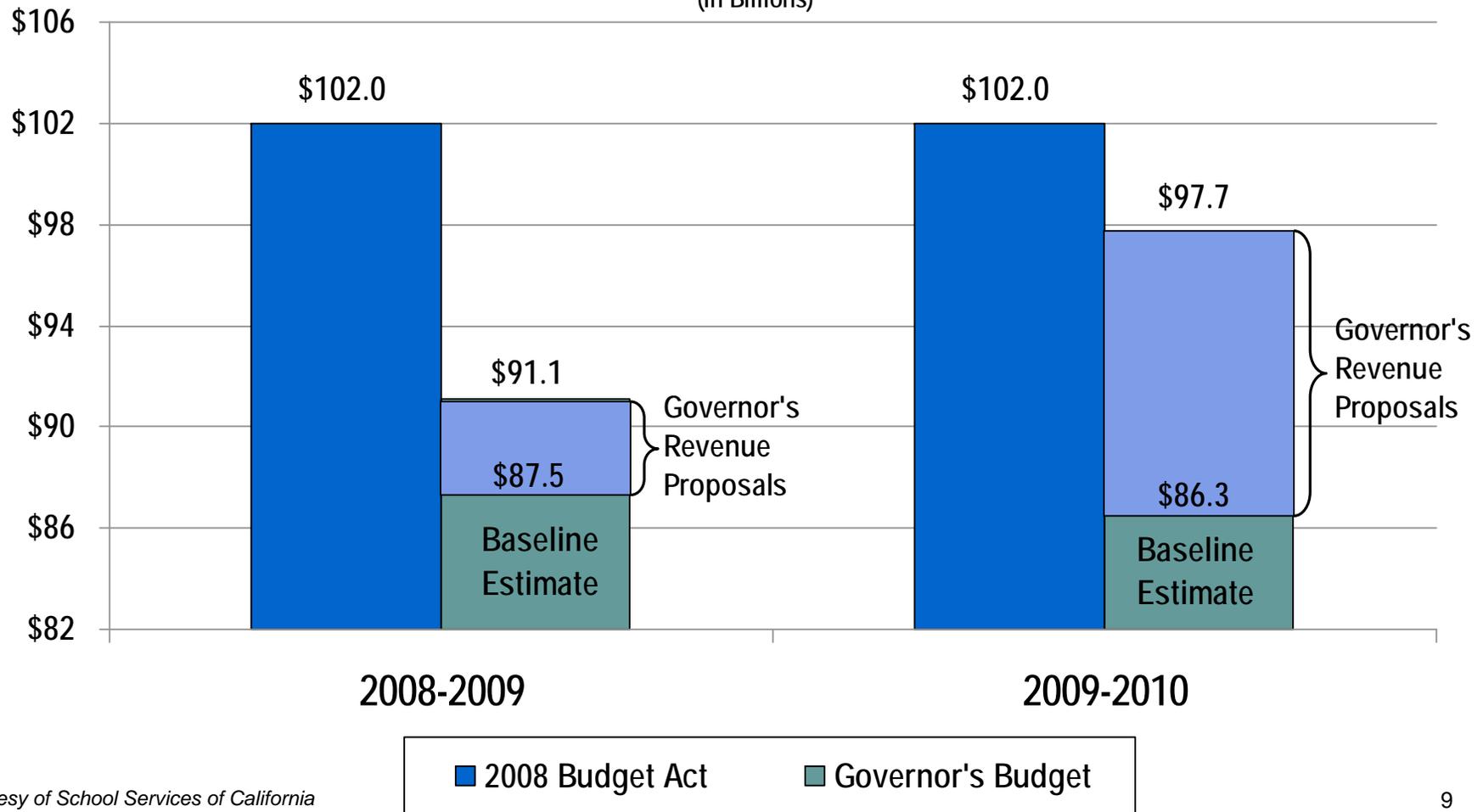
- Collapse of Subprime Mortgage Market
- Housing Crisis
- Major Financial Institutions Collapse
- Credit Market Tightens
- Jobless Claims Rise (Currently 8.4%)
- Drives Stock Market Down (40% From High)
- State Revenue Forecasts Overestimated by \$14.5 Billion in 2008/2009
- No Agreement in Sacramento on Solutions

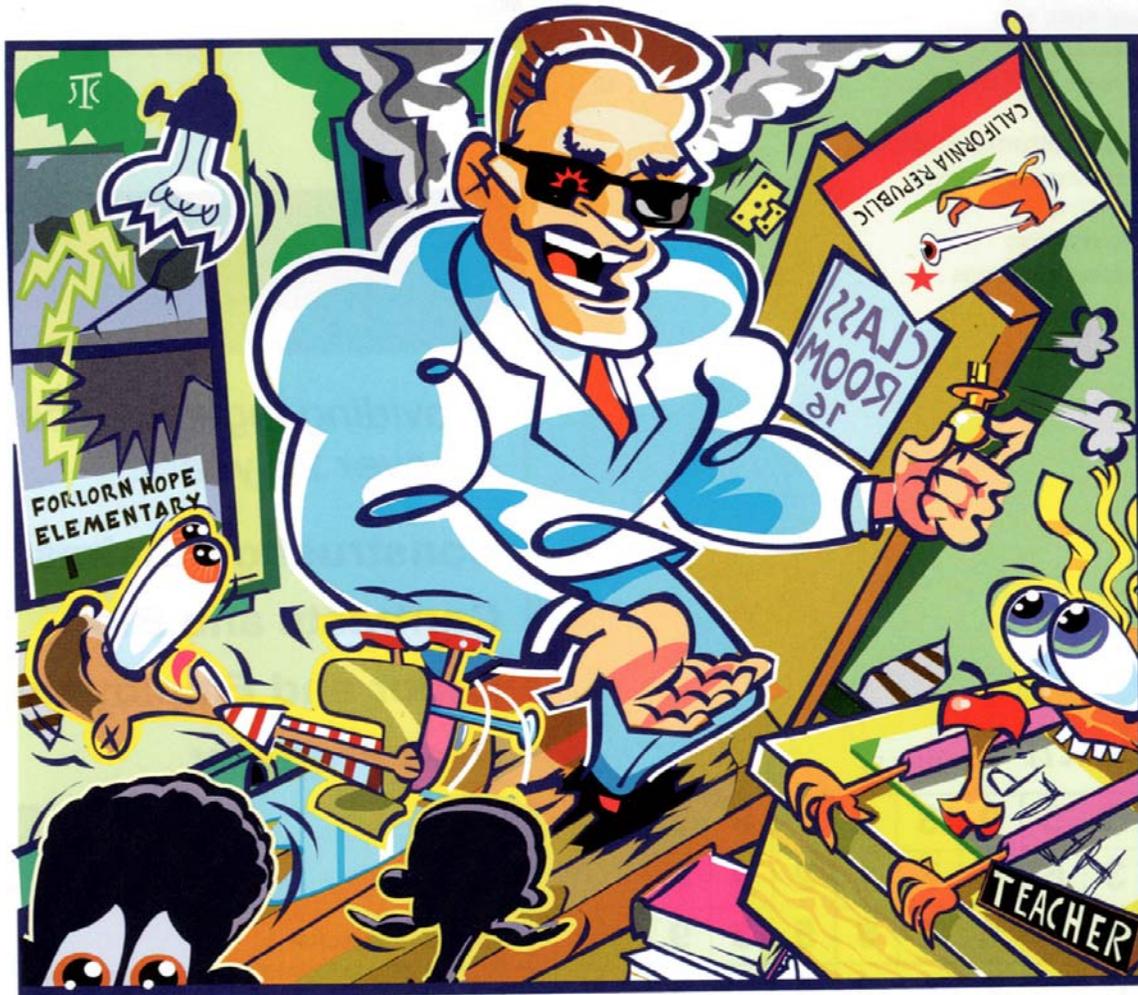
Result = \$42 Billion Deficit by June 30, 2009



# Governor's Budget Projections

General Fund Revenues  
(In Billions)





“All we need is another \$2.5 billion!”

# Governor's Proposition 98 Proposals



- The Governor's Budget assumes a loss of current-year General Fund revenues of \$14.5 billion, which in turn drives down the Proposition 98 guarantee from \$58.1 billion to \$51.5 billion



Unlike in prior years,  
Proposition 98  
guarantee will not be  
restored.

# Fullerton School District Revenue Limit \$ Update



<u>2008/2009</u>	Statutory COLA	Revenue Limit Deficit	Funded COLA	Before Deficited BRL*/ADA	Deficited BRL*/ADA	Gain/Loss (-) \$ Per ADA	Revenue Limit ADA	Loss in Revenue
May 2008 Revise	5.66%	5.357%	0%	<b>\$5,872</b>	\$5,557	\$0		
Adopted Budget	5.66%	5.357%	0%	\$5,872	\$5,557	\$0		
Sept 2008	5.66%	4.713%	0.68%	\$5,872	\$5,595	\$38		
<b>Jan 2009**</b>	5.66%	9.685%	-4.57%	\$5,872	\$5,304	<b>-\$291</b>	13,158.73	<b>-\$3,829,754</b>
<u>2009/2010</u>								
Sept 2008	5.60%	9.766%	0%	\$5,872	\$5,595			
<b>Jan 2009**</b>	5.02%	16.161%	-2.52%	\$6,167	<b>\$5,171</b>	<b>-\$424</b>	13,046.71	<b>-\$5,537,644</b>
<u>2010/2011</u>								
Sept 2008	3.50%	9.766%	3.50%	\$6,077	\$5,791			
<b>Jan 2009**</b>	0.50%	<b>16.161%</b>	0.50%	\$6,198	<b>\$5,197</b>	<b>-\$594</b>	12,901.66	<b>-\$7,669,488</b>
*BRL: Base Revenue Limit **Jan '09 Gov's Proposal								
<b>Total Loss in Revenue Limit \$ For 3 Years</b>							<b>-\$17,036,885</b>	

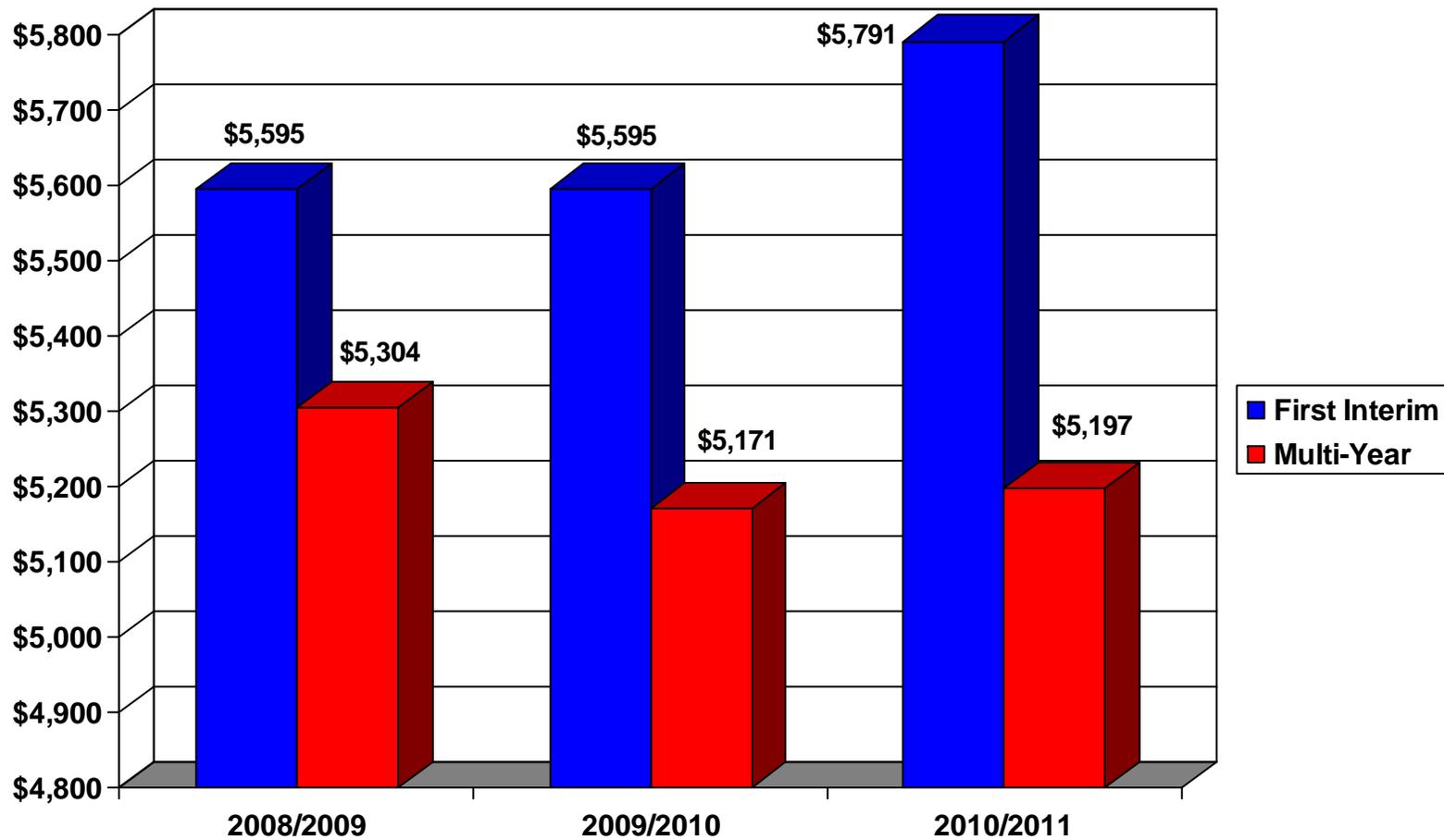
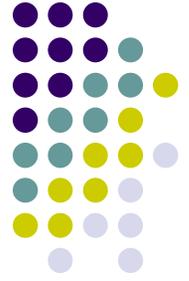


# FSD Summary

State Action	2008/2009		2009/2010	
	One-Time	Ongoing	One-Time	Ongoing
Reduction in COLA of .68%	\$0.5 Million			\$0.5 Million
Reduction in K-12 Revenue Limit	\$3.3 Million			\$3.3 Million
Additional Reduction in K-12 Revenue Limit (Negotiable at Local Level Elimination of 5 School Days)				\$1.7 Million
<b>Total</b>	<b>\$3.8 Million</b>			<b>\$5.5 Million</b>

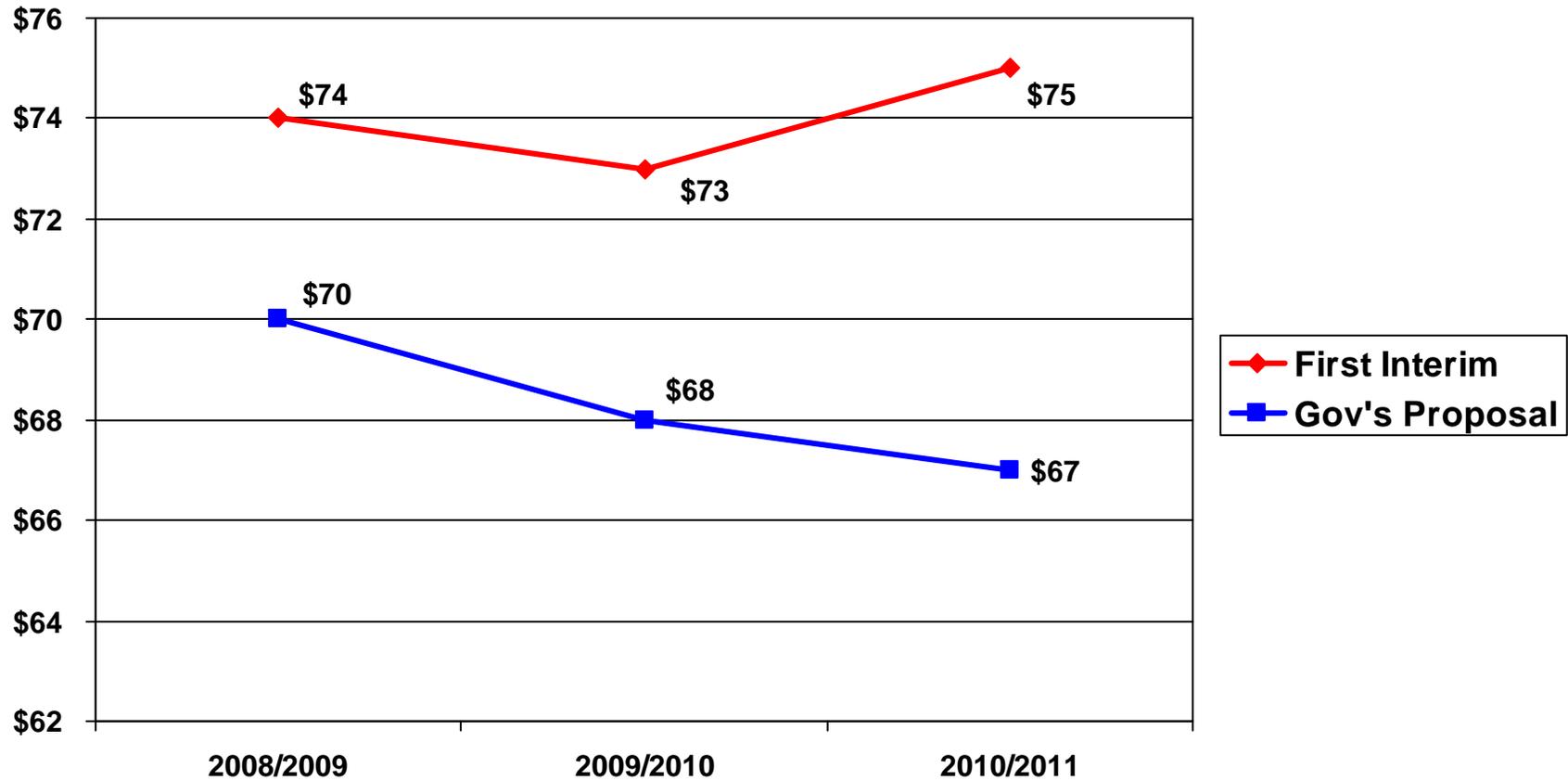
**\$9.3 Million**

# Change in Funding Revenue Limit



# Unrestricted Revenue Limit Funding Change

(in Millions)



# Cuts Needed to Balance the Budget



	December 2008 1 <sup>st</sup> Interim	January 2009 Governor's Proposal	Total
2008/2009	3.9 Million	*3.3 Million	7.2 Million
2009/2010	**5.5 Million	-	5.5 Million
2010/2011	1 Million	2.3 Million	3.3 Million
<b>Total</b>	<b>\$10.4 Million</b>	<b>\$5.6 Million</b>	<b>\$16 Million</b>

\*\$3.3 Million is ongoing for 2008/2009

\*\*\$5.5 Million is ongoing for 2009/2010

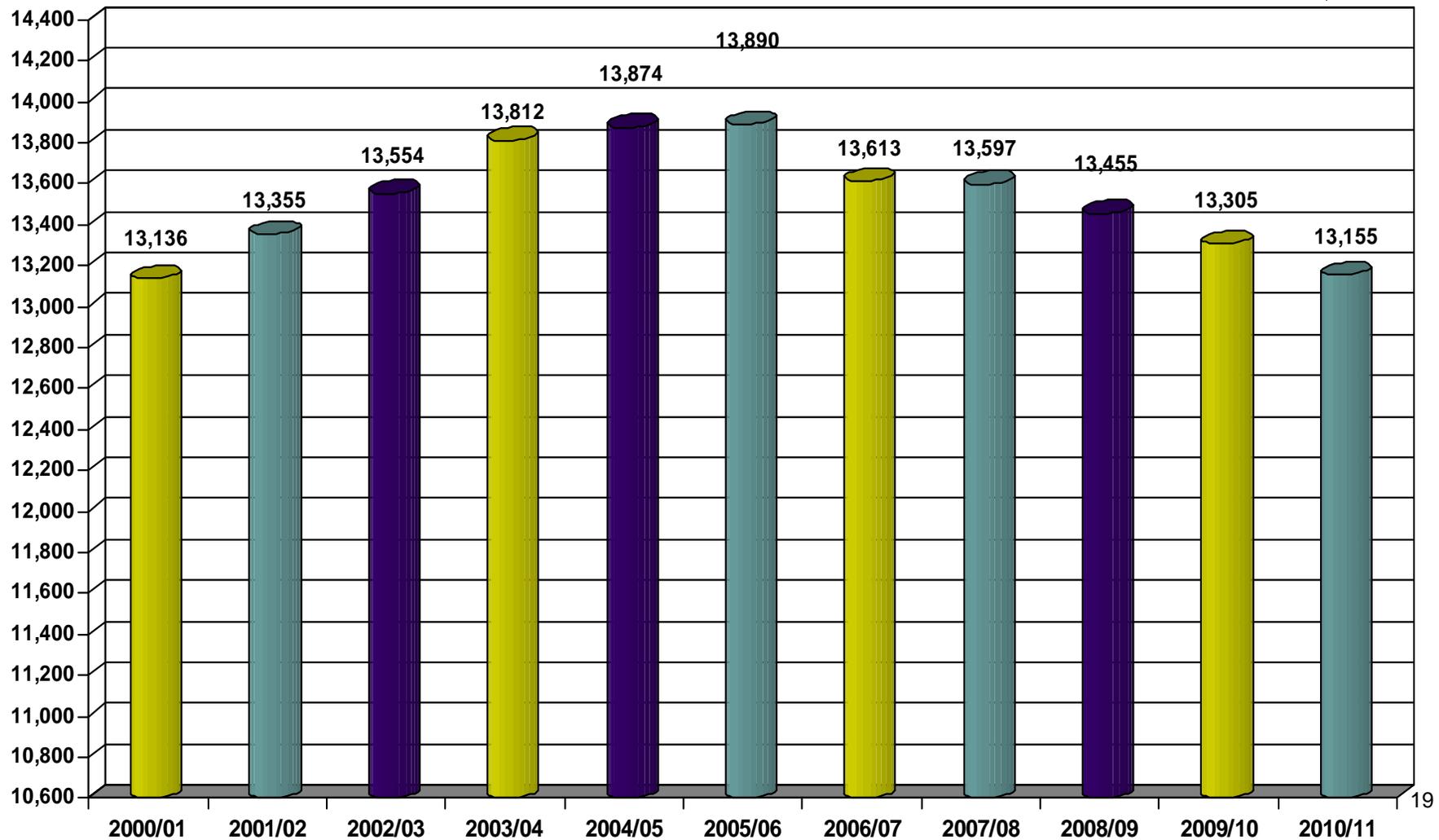
# Furlough Days - General Fund

## Total Savings: \$1,789,602



Bargaining Unit	General Fund 01
	5 days
<b>Certificated Management</b>	
Unrestricted	\$ 103,498
Restricted	\$ 58,663
<b>Classified Management</b>	
Unrestricted	\$ 22,010
Restricted	\$ 11,232
<b>Classified CSEA</b>	
Unrestricted	\$ 190,626
Restricted	\$ 21,065
<b>FETA</b>	
Unrestricted	\$ 1,312,192
Restricted	\$ 70,317
<b>Grand Total</b>	
Unrestricted	\$ 1,628,326
Restricted	\$ 161,276
<b>Total Savings</b>	<b>\$ 1,789,602</b>

# Enrollment History



# Fullerton School District Cashflow Borrowing

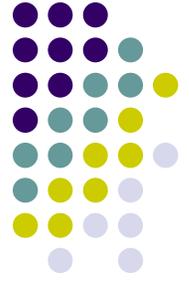


**Cashflow Projections 2008/09**  
(in millions)  
(with current spending plan)



Borrow \$2.5 Million to  
Meet Payroll

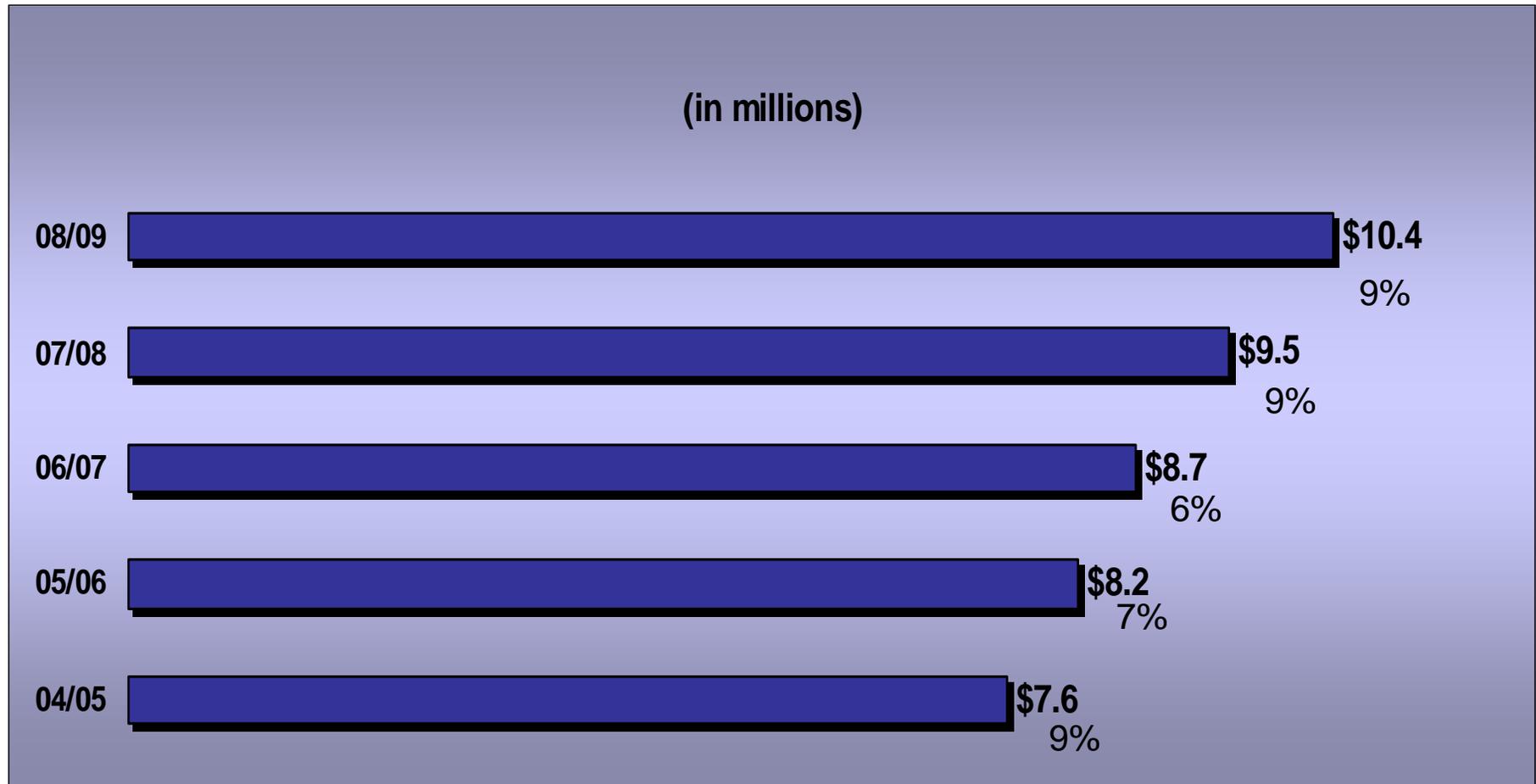
Need to Borrow from Other Funds or  
County Treasurer to make payroll



# Cash Borrowing To Make Payroll

<b>Payroll Per Month</b>	
<b>\$8.9 Million</b>	
<b>Amount Available to Borrow from Other Funds*</b>	
<b>Fund 14 - Deferred Maintenance</b>	<b>\$0.4 million</b>
<b>Fund 17 – Special Reserve Other Than Capital Outlay Projects**</b>	<b>3.6 million</b>
<b>Fund 21 – Building Fund</b>	<b>1.6 million</b>
<b>Fund 25 – Capital Facilities Fund</b>	<b>1.1 million</b>
<b>Fund 40 – Special Reserve</b>	<b>1.2 million</b>
<b>Fund 68 – Workers’ Compensation</b>	<b>0.6 million</b>
<b>Fund 81 - Property/Liability Insurance</b>	<b>0.3 million</b>
<b><u>Fund 71 – Retiree Benefit Fund</u></b>	<b><u>1.8 million</u></b>
<b>Total Available</b>	<b>\$10.6 million</b>
<b>*75% allowed per EC 42603</b>	
<b>**100% allowed</b>	

# Health and Welfare Benefits 5 Year History District Share Restricted and Unrestricted





# Ongoing Steps

- Generate Proposed Solutions
- Prioritize Expenditures
- Investigate Revenue Enhancements
- Examine Budget Reductions
- Consider Program Alternatives
- Other?